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SURVEY OF
INTERNATIONAL AFFAIRS
1926

SURVEY OF INTERNATIONAL AFFAIRS 1926

BY

ARNOLD J. TOYNBEE

Director of Studies in the Royal Institute of International Affairs
Research Professor of International History in the University of London
(both on the Sir Daniel Stevenson Foundation)

Placatumque nitet diffuso lumine caelum
LUCRETIUS, I 9
(Quoted by MONSIEUR MOTTA in the Assembly of the League of Nations on the 8th September, 1926)

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PREFACE

THE 1926 volume of the *Survey* completes the record of the more important international events in the crowded period from the Versailles Peace Conference to the end of the year 1926. Arrears are made up in the histories of Inter-Allied Debts since the War, of the increasingly important question of migration and of the administration of mandates and dependencies in the Pacific area. For the rest the record is mainly confined to the year 1926 itself, though the longest chapter, which deals with events in China in continuation of the record in the second volume of the *Survey for 1925*, goes down to February 1927.

As in the earlier volumes, limits of space have precluded the inclusion of much that the writer would have wished to record, but a chronology of events occurring and treaties concluded during the calendar year has been added as a supplement to the narrative, and will, it is hoped, fulfil its design.

Three sections of a technical nature which it seemed desirable to assign to experts have been contributed to the volume: that on Inter-Allied Debts (Part I B) by Mr. R. J. Stopford of the British Overseas Bank; that on the United States and the Permanent Court of International Justice (Part I A, Section (ii)) by Dr. H. Lauterpacht, LL.D., Assistant Lecturer on International Law at the London School of Economics; and the section on the International Steel Cartel (Part II A), by Mr. M. S. Birkett, Secretary of the National Federation of Iron and Steel Manufacturers.

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To each of these the Council is greatly indebted. An acknowledgement is also due to Dr. Isaiah Bowman and the World Book Company of Yonkers-on-Hudson, New York, the author and publishers of *The New World*, for permission to reproduce a map showing the distribution of population in China from the revised edition of that work (1924).

The Council also wishes to record its recognition of the valuable assistance rendered by Miss Boulter, and its gratitude to the many members and others who have been generous in giving advice and help in the preparation of the volume. Without this collaboration it would be scarcely possible to maintain the standards of accuracy and impartiality which are essential if the *Survey* is to be of value as a permanent record.

G. M. Gathorne-Hardy,
Honorary Secretary,
Royal Institute of International Affairs.

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ERRATA

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Page 287, Foot-note, line 13:

For 22,300,000,000 *read* 22,300,000,000,000.

Foot-note, line 14:

For 18,900,000,000 *read* 18,900,000,000,000.

Survey for 1925, Vol. II

Page 334, Lines 35–6:

For Dr. K. Wellington Koo being replaced by Mr. C. T. Wang *read* Mr. C. T. Wang being replaced by Dr. K. Wellington Koo.

PART I

WORLD AFFAIRS

A. THE LEAGUE OF NATIONS

(i) The Admission of Germany to Membership in the League and the Controversy over the Composition of the League Council

(*a*) Introductory

The decision of Germany to apply for admission to membership in the League had been communicated to states members of the Council as early as the 29th September, 1924,[1] that is, more than four months before the communication by the German Government to the French Government, on the 9th February, 1925, of that proposal for a pact of security[2] which was eventually realized in the Pact of Locarno. Moreover, in the negotiations which took place from the 9th February, 1925, to the 16th October—first between France and Great Britain and later between those two Powers and Germany—the question of Germany's entry into the League played an important, and at times a crucial, role.[3] From the outset the Allies postulated, on their side, that Germany should enter the League as a preliminary condition and an integral part of the new Rhineland security plan; and they also insisted, with success, that Germany should accept the obligations of membership without conditions or reservations. On the other hand, neither France nor Great Britain nor any of the other states members of the Council to whom Germany had addressed her communication of the 29th September, 1924, appear to have revealed any intention to contest the demand, which was included in this communication, that Germany, immediately upon her admission to membership in the League, should be assigned a permanent seat on the Council.[4] This still left open one further question: assuming that Germany's entry into the League was to be followed by the immediate assignment to her of a permanent seat on the Council, was this particular change in the composition of the Council to be made separately from, and previously to, any general reconstruction of that body, or as part of such a general reconstruction, the effect of which would be to

[1] See *Survey for 1925*, vol. ii, p. 13.
[2] See *op. cit.*, p. 19.
[3] See *op. cit.*, Part I. A, Sections (ii) and (iii).
[4] See *op. cit.*, p. 13.

assign additional permanent seats to other Powers simultaneously? Apart from an ambiguous passage in the Brazilian reply of the 1st December, 1924, to the German circular note of the 29th September, 1924 (a passage which was not made public until the 17th March, 1926), this further question, which was to play so important a part in 1926, does not appear to have been raised on either side during the negotiations leading up to the Pact of Locarno.

> The fact of the matter is [Sir Austen Chamberlain afterwards submitted] that the Germans were not thinking of this particular point. They did not offer to enter without conditions. They put forward the only conditions which then seemed to them important, and when the Powers had answered accepting the proposal for a permanent seat and rejecting all other conditions, they believed that no other conditions were in the German mind.
>
> Neither one side nor the other was thinking of that matter at that time and whilst [because] it had not occurred to the Germans as a possibility, they assumed it was an impossibility, the Allies, in ruling out all conditions except the one which they specifically accepted, assumed that no new subject of difference could arise to mar the process of Germany's entry.[1]

Thus the coming into force of the Locarno Pact was made contingent upon the fulfilment of two separate conditions: the ratification of the several agreements by the respective signatories and the admission of Germany to membership of the League on the terms contemplated as between Germany, France, and Great Britain—in so far as these terms had been defined. The fulfilment of the former condition depended upon the action of the Locarno Powers alone; and here the crucial question was the action of Germany, where public opinion was divided and the position of the Government precarious. The fulfilment of the second condition depended upon the action of all the states members of the League; and here the situation was further complicated by the existence of the terms referred to above and also by the fact that these terms had been left undefined on one point which turned out to be of capital importance.

All the states members of the Council, in view of their replies to the German communication of the 29th September, 1924, and *a fortiori* France and Great Britain, in view of their insistence that Germany's acceptance of League obligations should be unqualified, were morally bound to support Germany's demand for the immediate assignment to her of a permanent seat on the League Council. On

[1] Statement by Sir Austen Chamberlain in the House of Commons at Westminster on the 23rd March, 1926.

the other hand, one member of the Council, Brazil, had refrained from pledging herself to support Germany's demand apart from a general reconsideration of the composition of the Council by the League as a whole; and there were other states members of the League whose hands were entirely free and who, also, like Brazil, entertained ambitions—long cherished and often avowed—to obtain for themselves that status in the League which Germany was demanding. The terms on which Germany's application for admission to the League was made brought all these ambitions to a head; and thus one of the corollaries to the Locarno Pact gave rise to a controversy in the League which had no direct relation to the terms of the Pact and in which the parties to the Pact were not the protagonists. Since, on Germany's side, an assurance that she was to obtain a permanent seat on the Council was a condition *sine qua non* of her application for admission to the League, and since, when the question arose, she felt that it was of the essence of this condition that her appointment as a permanent Council member should not be merged in a general reconstruction of the Council, and since, further, Germany's admission to the League was one of the conditions which had to be fulfilled before the Locarno Pact could come into force,[1] it came to pass that the completion of the Locarno Pact—an achievement which had required the utmost moral and intellectual efforts of West-European statesmanship, and on which the hope of maintaining peace in Western Europe depended—was retarded and even jeopardized by the policy of states whose vital interests were not at stake and who could therefore afford to pursue their private ambitions with little regard to the serious international situation in which Western Europe had been left by the War of 1914–18.

From the West-European point of view it seemed intolerable that the destinies of a region which was the cultural centre of the Western World should be at the mercy of outlying countries whose international position was comparatively secure and whose contributions to the common culture of Western society could hardly be compared with those of France, Germany, and Great Britain. At the same time, this untoward and unexpected obstacle with which the authors of the Locarno Pact found themselves confronted at the moment when at last they were within sight of their goal, recalled attention to a consideration which had been provisionally left on one side—at any

[1] Article 10 of the Locarno Treaty of Mutual Guarantee, initialled on the 16th October, 1925, and signed on the 1st December, provided that the treaty should enter into force 'as soon as all the ratifications have been deposited and Germany has become a member of the League of Nations'.

rate by the British Government, whose share in the authorship of the Locarno Pact had been so important and so honourable.

The draft Geneva Protocol of 1924, like the League Covenant itself, had been framed deliberately on the assumption that in the contemporary world the field of international affairs was one and indivisible, and that therefore any international arrangement, if it was to achieve its aim, must be world-wide in its application. This Geneva project for a comprehensive solution of the problem of 'the outlawry of war' on the triple basis of Security, Arbitration, and Disarmament had been set aside against the inclinations of its Continental European advocates; and, in deference to the views of the Government which had taken office in Great Britain on the 6th November, 1924, the Locarno Pact had been deliberately framed on the assumption that regional problems could be solved most satisfactorily by strictly regional arrangements. At one point, however, this regional limitation of the Rhineland Security Pact was abandoned at an early stage of the negotiations when Monsieur Briand, in his original draft reply to the German proposals of the 9th February,[1] insisted that the entrance of Germany into the League should constitute an integral part of the new scheme. As the negotiations proceeded, 'the problem of Germany's entry into the League grew vastly in moment', until, in the Locarno Conference itself, success came to turn on finding a satisfactory solution for this question.[2] Thus, by October 1925, the attempt to 'outlaw' war, which the British Government had sought to circumscribe (at any rate, in the first instance) within a regional field, was already ramifying again, even within the framework of the Locarno Pact, into the broader field of world-wide relations owing to the particular relation which had been established, on one capital point, between the Locarno Pact and the League of Nations; and in the course of the year 1926 it was demonstrated in a striking way that the completion of an agreement which at first sight was purely regional in its scope might prove to be inextricably implicated with the interests and ambitions of states situated in every quarter of the world. Considering the circumstances in which the admission of Germany to membership in the League, with a permanent seat on the Council, was eventually achieved in 1926, it was not surprising that the ideal of a comprehensive treatment of the security problem—an ideal which had been embodied in the

[1] i.e. the draft note, dated the 12th May, 1925, which was communicated to the British Government on the 13th May (text in British white paper, *Cmd.* 2435 of 1925). See *Survey for 1925*, vol. ii, pp. 33–5.

[2] See *Survey for 1925*, vol. ii, Part I. A, Section (iii).

Geneva Protocol of 1924—should come to the fore again during the eighth session of the Assembly of the League in the autumn of 1927.

In the present volume, which carries the record down to the end of the seventh session of the Assembly in the autumn of 1926, it has seemed convenient to deal first with the ratification of the Locarno instruments by Germany and secondly with the controversy over the composition of the League Council which was precipitated by that action on Germany's part—involving, as it did, an application from Germany for admission to membership in the League on the understanding that she should be assigned forthwith a permanent seat on the Council.

(*b*) Germany's Ratification of the Locarno Pact and Application for Admission to Membership in the League of Nations

In the preceding volume[1] some account has been given of the German Nationalist opposition to the Locarno Pact and the political situation in Germany during the last months of 1925.

Article 2 of the German Bill approving the Locarno Pact ran as follows: 'The Government of the Reich is empowered to take the necessary steps for the entry of Germany into the League of Nations.'[2] The Bill passed its third reading in the Reichstag on the 27th November, 1925, after the rejection of a Nationalist motion of no confidence in the Government by 285 votes to 121. A proposal that the question of Germany's entry into the League should be dealt with in a separate Bill was also defeated by 284 votes to 183.[3] The law was signed by President von Hindenburg on the 28th November and promulgated on the 30th November.[4] Over two months elapsed, however, before Germany made formal application for admission to the League.

The delay was principally due to the uncertain political situation in Germany.[5] In order to secure the acceptance of the Locarno Pact Dr. Luther announced during the debate on the treaties in the Reichstag that his Government (which had been put into a minority by the withdrawal of three Nationalist Ministers in October) would resign immediately after the signature of the Locarno treaties on the 1st December,[6] and the complicated negotiations which followed did not reach a conclusion until the third week of January 1926, when Dr. Luther formed a new Minority Government. During December and January the parties of the Right, which had through-

[1] *Survey for 1925*, vol. ii, Part I. A, Section (iii).
[2] *Deutsche Allgemeine Zeitung*, 22nd November, 1925; *The Times*, 23rd November, 1925.
[3] *The Times*, 28th November, 1925. [4] *Ibid.*, 30th November, 1925.
[5] For details see *Survey for 1925*, vol. ii, *loc. cit.* [6] *Op. cit.*, p. 60.

out opposed the 'Locarno policy', conducted a campaign against the entry of Germany into the League. Herr Held, the Bavarian Prime Minister, speaking at Munich at the end of November, before the Reichstag had given its approval of the Locarno treaties, had declared that in his opinion Germany ought to sign the Treaty of Mutual Guarantee but ought not to become a member of the League of Nations, an organization which had been created by the Allies in order to ensure the dismemberment of Germany;[1] and he maintained this attitude throughout the discussions on the question.[2] The leaders of the Nationalist Party at first took the view that it was still possible to separate the question of Germany's admission into the League from that of the Locarno Pact—since the law of the 28th November merely empowered, and did not oblige, the Government to apply for admission.[3] At the end of December the Nationalist Press was using the argument that the conclusion of a Turkish-Soviet Treaty on the 17th December, 1925,[4] created a new situation in the Near East which demanded a reconsideration by Germany of her future position as a member of the League.[5]

Another Nationalist weapon was an accusation launched in the Press on Christmas Eve against the Socialists and a section of the Centre Party, to the effect that members of those parties had approached the Secretary-General of the League of Nations, without the knowledge of the German Foreign Office, and had suggested that preference should be given to them in filling posts in the Secretariat when that question arose on Germany becoming a member of the League. This controversy over 'place-hunting' attracted considerable attention[6] and gave rise to a debate in the Foreign Affairs Committee of the Reichstag on the 9th January, 1926, in the course of which the accusations were shown to be unfounded.[7]

[1] *Le Temps*, 26th November, 1925.

[2] See *The Times* and the *Frankfurter Zeitung*, 6th February, 1926, for an exposition of Herr Held's views in the Bavarian Diet.

[3] Statement by Count Westarp, quoted in *Le Temps*, 7th December, 1925. This interpretation of the terms of the Pact appears to ignore Article 10 of the Treaty of Mutual Guarantee, which made the entry into force of the Treaty contingent upon the entry of Germany into the League.

[4] See *Survey for 1925*, vol. i, p. 525. [5] *The Times*, 29th December, 1925.

[6] See *The Times*, 29th and 31st December; *Le Temps*, 4th January, 1926; *Frankfurter Zeitung*, 8th January, 1926.

[7] See *Frankfurter Zeitung*, 10th January, 1926; *The Times*, 11th January; *Le Temps*, 12th January. Criticism had been directed especially against Herr Marx, the leader of the Centre Party. It was proved that, in answer to a private request from a private source, he had prepared a list of candidates for possible posts on the League Secretariat which he had submitted to his correspondent and to the German Foreign Office.

The next Nationalist move was the introduction into the Reichstag of a motion proposing that Germany's application for admission into the League should be postponed until satisfaction had been obtained on a number of points—complete neutrality as regarded Articles 16 and 17 of the Covenant of the League, suppression of aeronautical restrictions, equal rights with other nations in the matter of armaments, withdrawal of the declaration of Germany's sole responsibility for the War, recognition of Germany's colonial rights, complete evacuation of the Cologne Zone and reduction of the periods of occupation and of the numbers of occupying troops and a general revision of the régime of occupation.[1] This motion was referred by the Reichstag, after Dr. Luther's new Government had received a vote of confidence on the 28th January, to the Foreign Affairs Committee, which met on the 3rd February to discuss the question of Germany's application for admission into the League. By the time the Committee met, however, one of the Nationalist demands—the evacuation of the Cologne Zone—had become an accomplished fact, with the withdrawal of the last Allied troops on the 30th January;[2] and although the Nationalist attitude of uncompromising hostility to the League officially remained unaltered, it became clear, in the course of the debate in the Reichstag on the 28th January, that the views, at any rate of some of the younger members of the Party, had undergone some modification.[3]

The Foreign Affairs Committee on the 3rd February did not actually vote on the Nationalist proposals, which were dropped when the Committee adopted, by 18 votes to 8, the motion that 'The Foreign Affairs Committee, having heard the explanatory statement of the Foreign Minister, raises no objection to the Government's making use of the powers conferred upon it by the law of the 28th November, 1925, authorizing the entry of Germany into the League'.[4] The vote of 18 to 8, when calculated proportionally to the numbers of the Reichstag, represented the substantial majority of 323 to 170 in favour of Germany's entry.[5] This unexpectedly complete victory, which was largely due to the effect produced by the evacuation of the Cologne Zone, practically removed the last obstacles from the way of Germany's application to the League; though as a matter of form the Cabinet decided, on the 3rd February, to delay the

[1] *Frankfurter Zeitung*, 22nd January; *Le Temps*, 23rd January, 1926.
[2] See *Survey for 1925*, Part II. B, Section (ii).
[3] See *The Times*, 1st February, 1926.
[4] *Ibid.*, and *Frankfurter Zeitung*, 4th February; *Le Temps*, 5th February, 1926.
[5] *The Times*, 5th February, 1926.

dispatch of the application until after a conference with the Federal State Premiers which had been fixed for the 6th February.[1] This conference ran its expected course;[2] certain of the Premiers, notably Herr Held,[3] expressed their misgivings, but at the conclusion a resolution was unanimously adopted to the effect that if the Government decided to apply for admission the Federal States would do everything in their power to strengthen Germany's position within the League.[4] The terms of a note to the League of Nations making formal application for admission were decided on by the Cabinet on the 8th February, a statement giving the Government's reasons for taking this step being subsequently issued.[5] On the following day the German Consul-General at Geneva informed the Secretary-General of the League that the German Government's note would be presented on the 10th February, and the Secretary-General thereupon convened a special meeting of the Council for the 12th February.[6]

The German note, which was duly presented to the Secretary-General of the League on the 10th, ran as follows:[7]

> With reference to the German memorandum of September, 1924, to the Governments represented on the Council, and to the German note addressed to you, on December 12th, 1924, and the reply thereto of the Council of the League dated March 14th, 1925, as well as to the note of the other parties to the Locarno Treaties of December 1st, 1925, of which a copy is attached, I have the honour, in accordance with Article 1 of the Covenant of the League of Nations, to propose herewith in the name of the German Government the admission of Germany to the League of Nations. I beg you to put this proposal on the Agenda of the Assembly as soon as possible.

On the afternoon of the 12th February the League Council, meeting privately, decided that an extraordinary session of the

[1] *The Times*, 4th and 5th February, 1926.

[2] The *contretemps* between Germany and Italy which arose over Herr Held's animadversions on the South Tirol question, and which was brought to a head by a speech delivered on the 6th February, 1926, in the Italian Chamber, by Signor Mussolini, will be dealt with in a subsequent volume.

[3] In spite of the fact that the representatives of the Bavarian Peoples' Party (which was at best half-hearted in its support of the Reich Government) and of the Economic Party (which frankly opposed the Government) had voted in the Foreign Affairs Committee for Germany's entry into the League (*The Times*, 5th February, 1926).

[4] *Frankfurter Zeitung*, 7th February; *The Times* and *Le Temps*, 8th February, 1926.

[5] *The Times* and *Frankfurter Zeitung*, 9th February; *Le Temps*, 10th February, 1926.

[6] *Le Temps* and *The Times*, 10th February, 1926.

[7] Text in *League of Nations Official Journal*, April 1926, p. 636; *Le Temps* and *Frankfurter Zeitung*, 11th February, 1926.

Assembly should be convened for the 8th March, the day on which the next ordinary session of the Council was due to begin, and approved the following agenda for the Assembly:

(1) Request of Germany for admission to the League.

(2) Decision of the Assembly on the proposals which might be made by the Council in application of Article 4 of the Covenant.

(3) Budgetary questions.

(4) Erection of the new Assembly Hall.[1]

The second point had to appear on the agenda, and to appear in that form, in order to meet Germany's stipulation that her entry into the League should be followed by the immediate assignment to her of a permanent seat on the Council; for the text of the Covenant made it impossible to raise the particular question of assigning a permanent seat on the Council to Germany without also opening up, in the process, the general question of the composition of the Council. This complication would have been immaterial if the general question had been of no more than academic interest. Unfortunately, it was a question which had been causing heart-burnings ever since the inauguration of the League six years before.

(*c*) The Composition of the Council, January 1920–March 1926[2]

The general question of the composition of the League Council came to be involved, as has been explained above, in Germany's application for admission to membership in the League; and this connexion was especially recognized by the Council itself in the terms of its decision, taken on the 12th February, 1926, to convene an extraordinary session of the Assembly for the 8th March. While the first business placed on the agenda for the Assembly was the request of Germany for admission, the second was (as has been mentioned) the application of Article 4 of the Covenant, in which the general provisions for the composition of the Council had been laid down. In order to understand the controversy which arose over this matter in 1926, it is necessary to bear in mind its history since the Peace Conference of Paris.

At the Peace Conference of Paris the five Great Powers which had found themselves in the Entente camp at the time of the Armistice (that is, France, Great Britain, Italy, Japan, and the

[1] *The Times*, 13th February, 1926; Minutes of the 38th Session of the Council (*League of Nations Official Journal*, April 1926).

[2] See *The Making of the Council* (League of Nations Union Pamphlet No. 194, second ed., May 1926); and Schücking und Wehberg: *Die Satzung des Völkerbundes* (2nd ed., Berlin, 1924), especially pp. 292 *seqq.* See also an article in *The Manchester Guardian*, 2nd March, 1926.

United States) had assumed, under the title of 'the Principal Allied and Associated Powers', an authority similar to that which, in 1814, had been exercised by the five Great Powers represented at the Congress of Vienna (Austria, Great Britain, Prussia, and Russia on the victorious side, together with their late opponent France). At Paris in 1919, in order to avoid offence, the Conference adopted the new nomenclature of 'Powers with general interests' and 'Powers with limited interests' to distinguish the Great Powers from the lesser states. The five 'Powers with general interests' took part *ex officio* in all the business of the Conference, directed the course of the proceedings, and had the last word in the decisions. The 'Powers with limited interests' (e.g. such states as Belgium or Poland) were only consulted individually on matters in which they were directly concerned; but on matters of general importance which concerned all states alike, such as the constitution of the League of Nations itself, the conclave of the five Great Powers was enlarged by the addition of representative 'states with limited interests' which were elected for this purpose by their peers. This arrangement took account of two important facts: first that, without the concurrence of the Great Powers, the Conference could not take effective action; and second that a complete monopoly of control on the part of the Great Powers might be taken to imply not only a superiority of force *de facto* but a superior status *de jure* which, if once admitted, might become equivalent to a denial of the full sovereignty of the lesser states.

The organization of the Peace Conference in this respect served as a precedent for the constitution of the Council of the League—an organ of international authority which was brought into existence by the Conference in order to preside over the future course of international relations in the same society of states. Article 4 of the Covenant, by which the original composition of the Council was determined, ran as follows:

> 1. The Council shall consist of representatives of the Principal Allied and Associated Powers[1] (United States of America, the British Empire, France, Italy, and Japan), together with representatives of four other members of the League. These four members of the League shall be selected by the Assembly from time to time in its discretion. Until the

[1] This was the only passage in the Covenant in which the formula 'Principal Allied and Associated Powers' occurred. The authors of the Covenant were no doubt driven to use this formula here by the difficulty of finding a periphrasis for the offensive formula 'Great Powers'. Paragraphs 1 and 2 of this article, when read together, show clearly that the intention was eventually to assign permanent seats on the Council to the Great Powers, all the Great Powers and none but the Great Powers.

appointment of the representatives of the four members of the League first selected by the Assembly, representatives of Belgium, Brazil, Greece, and Spain shall be members of the Council.

2. With the approval of the majority of the Assembly, the Council may name additional members of the League, whose representatives shall always be members of the Council; the Council with like approval may increase the number of members of the League to be selected by the Assembly for representation on the Council.[1] . . .

5. Any member of the League not represented on the Council shall be invited to send a representative to sit as a member at any meeting of the Council during the consideration of matters specially affecting the interests of that member of the League.

Paragraph 2 of Article 4 was so framed as to make it possible for Germany and Russia to enter the Council at a subsequent date as permanent members, so that eventually no surviving Great Power should be left without a permanent seat on the executive body by which the decisions of the League were to be carried out and sanctions, in the last resort, imposed. Provision was also made for the number of non-permanent members to be increased in order to ensure that the Great Powers should not have undue preponderance over the small Powers, but no fixed proportion between the numbers of Powers in each category was laid down. The interests of the smaller states were further safeguarded by Paragraph 5.[2] The arrangement contemplated in the Covenant, by which the non-permanent members would be in a minority of one, never came into effect, owing to the refusal of the United States Senate to ratify the Treaty of Versailles.

Thus, when the First Assembly of the League met on the 15th November, 1920, the Council, as provisionally constituted under Article 4 of the Covenant, consisted of the representatives of France, Great Britain, Italy, and Japan as permanent members, with the representatives of Belgium, Brazil, Greece, and Spain as non-permanent members. The First Committee of the First Assembly, to which was referred the whole problem of the constitution of the Council and the method of selection of non-permanent members, had before it amendments to Article 4 of the Covenant suggested by the Danish, Norwegian, and Swedish Governments, and a proposal of the Chinese delegation for the allocation of non-permanent seats on a geographical basis. The Scandinavian amendment provided that the four non-permanent members should be chosen annually by the Assembly for four years from the 1st January following, and

[1] For the discussion at the Peace Conference regarding the representation of the smaller Powers on the Council, see *H. P. C.*, vol. ii, pp. 25 *seqq.*

[2] See the Commentary on the Covenant presented to the Parliament at Westminster in June 1919 (*Cmd.* 151 of 1919).

that the appointments on the first occasion should be respectively for three, four, five, and six years, in order to ensure continuity. After a prolonged debate, in which many divergent views were revealed as to the principles on which the selection of non-permanent members ought to be based, the First Committee adopted a series of resolutions by which the mandates of the provisional non-permanent members would expire on the 31st December, 1920, and they would be replaced by four members to be selected by the Assembly, three from among European and American members of the League and one from Asia and the rest of the world (this was in accordance with the Chinese proposal for geographical distribution). On this first occasion, the mandates of two of the non-permanent members would be for two years and those of the other two for one year; but, as a permanent arrangement, a system of rotation was recommended. The Assembly was to select two non-permanent members each year to serve for two years; no member might serve more than two consecutive periods of two years; and no member retiring at the end of two or four years should be re-eligible until four years had elapsed.

The debate on these resolutions in the First Assembly was coloured by the First Committee's final recommendation, that the provisions should be 'deemed matters of procedure within the meaning of Article 5 of the Covenant'—that is, they might be decided on by a majority, instead of a unanimous, vote of the Assembly. There was a large body of opinion which considered this precedent dangerous, since if the Assembly were itself competent to decide what was a matter of procedure it could by degrees modify the whole text of the Covenant by declaring amendments questions of procedure. The First Assembly finally contented itself with adopting resolutions by which the non-permanent members were to be selected, on this first occasion, for a period of one year, due weight being given to geographical considerations, and the whole question was to be referred to a special committee, to be constituted by the Council, which would study amendments to the Covenant and report to the next Assembly. When the actual voting took place, Spain, Brazil, and Belgium were re-elected, but Greece was replaced by China, in fulfilment of the recommendation that Asia should be represented as well as Europe and America.

The Committee to examine amendments to the Covenant was appointed by the Council on the 21st February, 1921. It issued two reports and its recommendations formed the basis of resolutions adopted by the Second Assembly on the 5th October, 1921, after the question had been discussed by the First Committee of the Assembly.

Señor Edwards, one of the delegates of Chile, proposed to the First Committee the addition of one non-permanent member, and the Belgian delegation that of two non-permanent members. On the same occasion, Señor Edwards raised a second issue by proposing the simultaneous addition of two permanent members, namely Spain and Brazil; but the general opinion of the Assembly was not in favour of increasing the number of permanent members, and though less objection was felt to the creation of additional non-permanent seats, it was finally decided to let the whole matter stand over till the Third Assembly. The Second Assembly adopted the conclusions of the Report of the First Committee 'that the non-permanent Members of the Council should, in future, be elected according to a system of rotation for a fixed period and that the Assembly should this year renew for the year 1922 the appointment of the present members'. A system of rotation was thus definitely approved, but there remained the doubt whether such a system could be adopted as a matter of procedure, by a majority of the Assembly, or whether it required unanimity. The First Committee, without expressing an opinion on the legal point, considered that it was 'prudent and desirable' for the Assembly to adopt an amendment to the Covenant, inserting the following paragraph between the second and third paragraphs of Article 4:

> The Assembly shall fix by a two-thirds majority the rules dealing with the election of the non-permanent members of the Council, and particularly such regulations as relate to their term of office and the conditions of re-eligibility.

This amendment was adopted by the Second Assembly on the 5th October, 1921. When it became effective there would no longer be any danger that a few states interested in retaining their seats on the Council might block the introduction of a system of rotation; but under Article 26 of the Covenant amendments could only take effect after ratification by a majority of the members of the Assembly and all the members of the Council, and in the event two Council members, France and Spain, by delaying their ratifications, took advantage of this provision in order to postpone for several years the coming into force of the amendment to Article 4 and with it the introduction of a system of rotation. The Third Assembly framed rules by which the non-permanent members were to be elected for three years, one-third of the non-permanent part of the Council was to be renewed each year and retiring members were not to be eligible for re-election for another three years; but, pending ratification of the amendment to Article 4, the Assembly could only recommend the adoption of

these rules on a subsequent occasion. The Third Assembly did, however, take the important decision to raise the number of non-permanent members from four to six. This decision was in accordance with a proposal from the Council, which pointed out that such a change, while it modified the principle on which paragraph 1 of Article 4 of the Covenant was based, that there should be a certain relation between the numbers of the permanent and non-permanent members, did not prejudice the re-establishment of that principle by a subsequent addition to the permanent members. It may be noted that this observation by the Council, like Señor Edwards's proposal of the preceding year, assumed that it was the intention of the Covenant to relate the questions of the number and allocation of the non-permanent seats to the question of the number of permanent seats—a matter in which different issues were involved. The Third Assembly also adopted rules of procedure for the actual election of the non-permanent members and made the recommendation, which was reiterated by subsequent Assemblies, that the choice of the non-permanent members should be made 'with due consideration for the main geographical divisions of the world, the great ethnical groups, the different religious traditions, the various types of civilization and the chief sources of wealth'. The actual voting at this Assembly resulted in the appointment of Brazil, Spain, Uruguay, Belgium, Sweden, and China to the six non-permanent seats.

The Fourth Assembly in 1923 was unable to take further action, but passed a resolution urgently recommending the members of the League, and especially the members of the Council, to ratify the amendment to Article 4 of the Covenant adopted by the Assembly of 1921. The question of the election of non-permanent members was, however, again discussed by the First Committee; and Señor Edwards of Chile once more raised the question of the number of permanent seats in this connexion. He repeated his proposal for the creation of two new permanent seats and their allocation to Spain and Brazil, and he pointed out that this suggestion would now result in the establishment of an automatic rotation; since if Spain and Brazil, who had completed their three years' term of office, were to relinquish their non-permanent for permanent seats, the two seats required for renewal by thirds would fall vacant. The solution proposed by Señor Edwards was not adopted by the First Committee for recommendation to the Assembly;[1] and the Fifth and Sixth Assemblies, when they met in 1924 and 1925 respectively, found themselves in the same *impasse* as the Assemblies of 1922 and 1923.

[1] The Council was notified of Señor Edwards's suggestion at his request.

At the Fourth Assembly in 1923 China was not re-elected owing to her internal difficulties, but was replaced by Czechoslovakia, and in 1925 the Chinese delegation again moved a resolution for taking into account the geographical distribution of seats; but though considerable sympathy with China was revealed in the voting she failed to obtain the necessary majority. The general dissatisfaction with the position was shown in the adoption by the 1925 Assembly without dissent (though Spain abstained from voting) of a resolution moved by the Venezuelan delegation to the effect that the re-election of the present members for another year was 'subject to the non-permanent part of the Council being renewed as from the election of 1926 by application of the principle of rotation'.

Thus the position at the time of the Special Assembly of March 1926 was as follows: In addition to the four permanent members, the Council consisted of the representatives of Spain, Brazil, Belgium, Uruguay, Sweden, and Czechoslovakia. The first three states had been represented on the Council from its first meeting,[1] Uruguay and Sweden had been members since 1922 and Czechoslovakia since 1923, and the only other states which had ever held seats were Greece, during 1920, and China from 1921 to 1923 inclusive. It is true that the non-permanent members, when it came to the actual voting each year, had had no difficulty in securing the number of votes required for their re-election;[2] but the results of these annual elections were perhaps due to a general disinclination to wound the susceptibilities

[1] Hence the dissatisfaction, expressed in the Venezuelan resolution, at the perpetual postponement of the introduction of rotation. Through *vis inertiae*, Belgium, Spain, and Brazil were apparently settling down into the position of permanent representatives on the Council of the lesser states members of the League. This was a retrogression from the elective and rotatory system which had been actually employed at the Peace Conference of Paris and a return to the system which had prevailed a century earlier at the Congress of Vienna.

[2] The results of the voting during each Assembly from the second (in 1921) to the sixth (in 1925) inclusive were as follows:

	1921	1922	1923	1924	1925
Absolute majority required	23	24	24	24	25
Belgium	31	36	32	34	32
Brazil	38	42	34	40	43
China	31	27	10*	14*	26*
Czechoslovakia	—	1*	30	40	35
Spain	37	40	30	36	35
Sweden	3*	35	32	37	34
Uruguay	—	40	40	43	40
Number of states not elected for which votes were cast	11	14	12	16	19

* Not elected.

of the parties concerned, rather than to a positive desire to re-elect the same candidates perpetually. At any rate the body of opinion in favour of a system of rotation had clearly been growing stronger as the years passed without any change in the composition of the Council. The application of the rules drawn up in 1922, by which one-third of the non-permanent members would be elected each year for three years and no member could sit for two successive periods, was frustrated, however, by the non-ratification of the 1921 amendment to Article 4 of the Covenant, which would have enabled a majority of the Assembly to adopt the rotation procedure over the heads of a minority. By the end of 1925 there were still eight states (most of them Spanish-speaking nations) which had not ratified the 1921 amendment, and among them were Spain and France, whose ratifications were necessary for the amendment to come into force.

(*d*) The Development of the Diplomatic Situation on the Eve of the Special Session of the League Assembly, convened for the 6th March, 1926.

The facts reviewed in the preceding section make it apparent that the controversy over the composition of the League Council, which was precipitated by the application of Germany (made in pursuance of the Locarno Pact) for admission to membership in the League, had been gathering head ever since the inauguration of the League at the beginning of the year 1920, and that it would probably have become acute in 1926 in any event, even if the question of Germany's admission had not arisen to provide the occasion.[1] Indeed, the causes, as distinct from the occasion, of the controversy must be sought in movements which went far back into the international history and deep down into the international life of the Western World.

The first of these causes was a sentiment of regional or group solidarity, the reverse side of which was a regional or group particularism. That sentiment was evinced in the regularity with which a majority of the Latin-American Members of the League voted, from 1920 onwards, for the re-election of Spain to a non-permanent seat on the Council, as the representative of a 'Hispanic' or 'Iberian' group. It was, perhaps, the same sentiment that led the Chilean representative, Señor Edwards, to advocate, at the second and fourth sessions of the Assembly, the creation of two additional permanent

[1] This point was emphasized by Sir Austen Chamberlain in a speech delivered at Birmingham on the 23rd February, 1926 (*The Times*, 24th February, 1926), and again, in the House of Commons, on the 4th March, 1926.

seats for the benefit of Spain and Brazil.[1] Another expression of regionalism was the proposal, laid before the First Assembly by the Chinese delegation, for the allocation of non-permanent seats on a geographical basis [2]—a proposal upon which the Assembly acted in electing China herself to a non-permanent seat from 1921 to 1923 inclusive. Herein China was putting forward, and the Assembly was recognizing, a contention that the non-Western states members of the League constituted a distinct group with a moral right to some minimum amount of representation on the Council.

It is evident, however, that Spain, Brazil, and China, in filing their claims as representatives of an 'Iberian' group or an American group or a non-Western group of states members, were not actuated solely by group or regional public spirit, but were seeking at the same time to secure satisfaction for national aspirations of their own; and—at any rate in the cases of Spain and Brazil, as well as in the case of Poland, who was moved by Germany's application to follow the Spanish and Brazilian example by filing a claim for a permanent seat on the Council for herself—these aspirations corresponded in some degree to the actual calibre of the claimants at the time.

In a previous volume of this series [3] attention has been drawn to the fact that, after the General War of 1914–18, there reappeared on the political map a class of states, intermediate between Great Powers and small countries, which had been almost absent from the map since 1871. During the four centuries ending in the third quarter of the nineteenth century, states of this intermediate calibre had played an important role in the international affairs of the Western World; and the Congress of Vienna, which gave the map its last new coat of paint before that period came to an end, sought to make the intermediate states more prominent in the landscape than ever. In order to establish a cordon round the eastern frontiers of France, the

[1] See pp. 13 and 14 above. Brazil afterwards (see p. 23 below) rested her claim on a 'continental' basis, on the ground that the American Continent was entitled to some permanent representation on the Council in the absence of the United States. Pan-American sentiment, however, was on the decline during this period in the non-English-speaking American countries owing to their growing fear of the continental ascendancy of the United States, and it was tending to be replaced either by a narrower Latin-American regionalism or by a 'Hispanic' or 'Iberian' sentiment which took less account of geography than of the linguistic and cultural links between the Spanish- and Portuguese-speaking countries in America and their two mother countries in Europe. This 'Hispanic' or 'Iberian' sentiment was comparable to the contemporary *rapprochement* between the so-called 'Anglo-Saxon' (i.e. English-speaking) peoples of the British Commonwealth and the United States.

[2] See p. 11 above.

[3] *The World after the Peace Conference*, pp. 24 *seqq.*

map-makers of 1814–15 created two new states of this order by incorporating the former Austrian Netherlands with Holland in a united kingdom and by presenting the territory of the former Genoese Republic to the Kingdom of Sardinia. Furthermore, they left intact the 'Big Bavaria' which Napoleon had constructed, as well as the Kingdom of the Two Sicilies which Napoleon himself had maintained as a political entity. In fact, the Congress of Vienna did its best for this class of state; but the international edifice of 1814–15 (like others of its kind) was largely jerry-built, and, in the series of political collapses which undid its work, one after another of these intermediate states disappeared. Within little more than half a century, the reunited Netherlands had split up again into the two small countries of Belgium and Holland; Sardinia had grown into the new Great Power of Italy, absorbing in the process the Kingdom of the two Sicilies; and Bavaria had been mediatized when the Great Power Prussia made herself the nucleus of a Greater Power, the new German Empire. Of all the intermediate states which had appeared on the political map of 1815, Spain alone, which had belonged to this class for a century before the Vienna Congress sat,[1] continued to belong to it—as its sole surviving representative in Europe—after 1871.[2] By that date, the attempt which had been made at Vienna to rehabilitate the intermediate class of state had been defeated by the contrary tendency, which had likewise declared itself from 1814 onwards, for the Great Powers to monopolize the control of international affairs.

The half-century between 1871 and the General War of 1914–18 was the golden age of Great Powers; and during this period the political structure, not only of Europe but of the world, took on the likeness of one of those archaic walls of 'Cyclopean' masonry in which vast unhewn blocks have been brought, by nice adjustments, into equilibrium with one another at such close quarters that only a few interstices remain to be packed with small stones carefully selected to fit them. In the international architecture of the 'pre-war' period, in which the 'Cyclopean' blocks were represented by the Great Powers, the interstices only left room for small 'buffer' states which, precariously protected by the equilibrium of the vast

[1] The Peace Settlement of Utrecht may be said to have degraded, or implied the degradation of, Spain from the rank of a Great Power.

[2] One political structure built by the Congress of Vienna, namely the Union of Sweden and Norway, did not collapse till 1905. From 1815 onwards, however, Sweden and Norway had consistently played the role of a small state vowed to neutrality, so that their separation did not affect the international situation appreciably.

masses around them from being subjected to a pressure which must have ground them to powder, preserved their poise by maintaining a rigid neutrality. Such were the small states of Western and Northern Europe—Switzerland, Belgium and Holland, and the Scandinavian countries—which consistently preserved their neutrality by abstaining from active participation in international politics, not only during the century that followed the Congress of Vienna but even (with the sole exception of Belgium)[1] during the General War of 1914–18. Such, again, in Asia were Afghanistan (lodged in an interstice between the great masses of the Russian and the British-Indian Empires) and Siam (between British India and French Indo-China); in Africa Abyssinia (between the African domains of Great Britain, Italy, and France); and overseas the Latin-American countries (under the aegis of the Monroe Doctrine) and the British self-governing Dominions (under the aegis of the British Empire).

This 'Cyclopean' structure, however, after lasting less than half a century, was to perish in its turn—not, like the edifice of 1815, by collapsing piecemeal in the course of fifty or sixty years, but by the sudden impact of a single terrific explosion. The General War of 1914–18 blew the whole building, big stones and small, into the air; and as the component parts of the shattered edifice crashed to the ground, the great masses received shocks which shivered some to fragments and cracked others to the core, whereas the smaller blocks, which fell more lightly to earth, for the most part reappeared intact when the dust subsided—contrary to the general expectation that, in such a catastrophe, these were bound to perish even if the great masses survived. Thus, when the Peace Conference of Paris addressed itself, in 1919, to the task of reconstructing the international order, it found at its disposal a heap of material in which the relative sizes of the pieces, and the relative numbers of the pieces of each size, were no longer what they had been in the edifice which the great explosion had overthrown.

There were now fewer Great Powers than before. Of the former

[1] This exception proved the established rule of international usage in regard to these states, since the violation of Belgian neutrality was taken by international opinion as a moral outrage and not simply as a breach of treaty. Moreover, Belgium, even when she had been driven to take part in the General War of 1914–18 by the *force majeure* of the German invasion, adopted the position of an 'Associated' rather than an 'Allied' Power in the Entente camp. Her position was that she was fighting only to defend her own territory, and that her quarrel with Germany was individual and separate from that of the Allies. For this reason she did not subscribe to the joint answer which the Allies made to the German peace-note of 1916, but sent a separate answer of her own.

eight Great Powers; one, Austria-Hungary, had been broken up completely, and two, the German and Russian Empires, had been so battered and mutilated that they were temporarily out of action. On the other hand, the number of small countries had been increased by the splitting off, from the great masses, of fragments such as 'post-war' Austria and Hungary, or Lithuania, Latvia, Estonia, and Finland. The most remarkable effect, however, of the General War had been to bring on to the scene again a number of states of the intermediate class. The political map, as it emerged from the Peace Conference of Paris in 1920, bore a general resemblance to the map which had emerged in 1815 from the Congress of Vienna, in contrast to the map of 1871–1914. In the new map, Spain once more found herself in the company of states of her own calibre. In Eastern Europe, the break-up of the Hapsburg Monarchy and the mutilation of the German and Russian Empires had produced four states of this calibre: that is, Poland and the three members of the Little Entente. In Latin America (which had been drawn out of its former political isolation by the intervention of a number of Latin-American states in the General War, the participation of these belligerents in the Peace Conference of Paris, and the admission of a larger number of Latin-American states to original membership in the League of Nations), Brazil had already grown to the same stature. It could further be foreseen that in Latin America Argentina, and in the British Commonwealth Canada and Australia, would grow to it within a measurable time.

During the Peace Conference of Paris the authors of the League Covenant, in arranging for the composition of the Council in the terms of Article 4, duly took account of some, but not all, of the outstanding facts in the new international situation as it had emerged from the War. One plain fact was that the surviving Great Powers, though relatively less powerful as a class than they had been during the half-century ending in 1918, were Great Powers still in the sense that their approval and adhesion would be found indispensable by the League of Nations (as they had been found by the Peace Conference itself) if the League was to exercise its authority effectively. In fact, the executive organ of the League could not be sure of being able to carry out its decisions if one or more Great Powers abstained from co-operation or if one alone offered active opposition; and due account was taken of this fact, first in the provision of permanent seats on the Council for the five Principal Allied and Associated Powers that had presided over the Peace Conference, and secondly in the further provision for the future creation of additional permanent

seats for the benefit of the two other surviving Great Powers, Germany and Russia (whose permanent underlying strength was not obscured in the eyes of the authors of the Covenant by their temporary prostration and ostracism). The second outstanding fact was that, as a result of the War, the balance of moral influence, and even the balance of material power, as between Great Powers and states of lesser calibre, had shifted, on the whole, perceptibly in favour of the lesser states; and in the constitution of the Council recognition was given to this fact also. The very provision of non-permanent seats in itself re-established the principle that representative states of lesser calibre were to sit, on an equal footing with the Great Powers, in the highest international conclave—a principle which had almost gone by default in the preceding age, when the intermittent and unorganized conclave known as the 'Concert of Europe' had consisted, in effect, of the Great Powers of Europe alone. In this respect the authors of the Covenant had shown themselves fully alive to the signs of the times. There was, however, a third outstanding fact in the new international situation which appears to have escaped their notice; and this was that the states of lesser calibre than the Great Powers had again become differentiated into two classes which were almost as distinct from one another as they were collectively distinct from the Great Powers. The failure of the authors of the Covenant to take account of this fact in their arrangements for the composition of the Council sowed those seeds of controversy which were harvested, at an inauspicious moment, in 1926, when three states of intermediate calibre, finding no special provision for the representation on the Council of states of their class, yet feeling that their calibre entitled them to a higher standing than that of the rank and file of small states, laid claim to the privilege of a permanent seat, which the authors of the Covenant had intended to reserve for the Great Powers alone.

In order to understand the history of the special session of the League Assembly in March 1926 it is necessary to examine briefly first the attitudes of the three states of intermediate calibre—Spain, Brazil, and Poland—by whom explicit claims to permanent seats on the Council were eventually filed; secondly the attitude of China, who put forward a contingent claim to a permanent seat in order that her pretensions to status—both in her own right and as the representative of a non-Western group of states—might not go by default; thirdly the attitude of Sweden, who led the opposition among the small states to such a differential treatment of states of the intermediate class as would give such states the privileges, if not the

standing, of Great Powers, and the attitude of Belgium, who took the same stand, though in a less decided manner; and lastly the attitudes and endeavours of France and Great Britain, who attempted —though on this occasion without success—to adjust these differences of standpoint by a compromise favourable to the aspirations of the intermediate states. It is interesting to note that, while the broad question at issue was whether a privilege hitherto confined to Great Powers should be extended to certain states of lesser calibre, the opposition arose, not from an oligarchic jealousy on the part of Great Powers who were unwilling to cheapen their status by sharing its privileges with others, but from a democratic jealousy on the part of small countries who, from custom and necessity, had tolerated these privileges while they were confined to the Great Powers, but who felt it intolerable that the membership of the privileged international oligarchy should be enlarged.

Spain (like Brazil) had been nominated a provisional non-permanent member of the Council by Article 4 of the Covenant, elected by the First Assembly in 1920 and subsequently re-elected each year. She had presented a claim for a 'special situation' on the Council when the Covenant was under discussion in 1919;[1] and in 1921 she appears to have approached the other Powers represented on the Council in order to ascertain whether they would be willing to grant her a permanent seat, her claim to which was based on the fact that she had been the largest neutral nation during the War and on her pretensions to act as the spokesman of the Spanish-speaking nations.[2] Spain's aspirations seem to have been sympathetically received by the majority of the Council members, and certain states, among them Great Britain,[3] promised to support her claim; but the way was

[1] It is interesting to note that at the Congress of Vienna in 1814–15, a claim was made by Spain that she should be represented on the inner committee of four (eventually five) Great Powers by which all vital decisions were made. This claim, however, was eventually rejected, and Spain was excluded from the conclave of the Great Powers and relegated to the Committee of Eight. In 1814 Spain was not only an ex-belligerent who had played an important part in the late war, but she had not yet lost her overseas Empire; so that in 1814 her claim to act as the spokesman of the Spanish-speaking countries overseas—a doubtful claim in 1919, when these countries were being invited to become members of the League themselves in their own right—would have been incontestable. Thus, if Spain was refused the rank and privileges of a Great Power in 1814, it was reasonable *a fortiori* that these should be refused to her in 1919.

[2] *The Times*, 27th February, 1926; *The Seventh Year Book of the League of Nations* (World Peace Foundation Pamphlets, Vol. x, No. 2–3).

[3] Sir Austen Chamberlain said in the House of Commons on the 23rd March, 1926: 'I renewed to Spain the assurance that we would in suitable circumstances support the renewal of her claim.'

blocked by the Brazilian delegate, who declared that he could only agree to a permanent seat being created for Spain on the condition that the same status was granted to a member from the American continent.[1]

Spain's annual re-election to a non-permanent seat, which might almost be considered a certainty since she could count on a majority of South American as well as other votes, practically placed her in the position of a permanent member in fact if not in name; but this position was threatened by the proposal of the Third Assembly in 1922 that states should serve for three years as non-permanent members and then become non-eligible for three years; and Spain therefore withheld her ratification of the amendment to Article 4 of the Covenant which would have enabled the Assembly to introduce the new system without her consent and to deprive her of her non-permanent seat without giving her the permanent seat which she had claimed since 1921.

Brazil, who had been represented on the Commission of the Peace Conference which drafted the Covenant, had in 1919 followed the line of action which she had adopted at the Second Hague Conference of 1907 (when she had constituted herself the champion of the small countries as opposed to the Great Powers) and had defended the thesis of the equality of treatment of all nations in regard to the composition of the Council.[2] She had been nominated provisionally to a non-permanent seat by Article 4 of the Covenant and had been re-elected annually by each Assembly. Her claim to a permanent seat was first formulated in 1921, when Señor Edwards, the delegate of Chile, proposed to the First Committee of the Assembly that two new permanent seats should be created and allocated to Spain and Brazil; but the Brazilian claim did not meet with the same measure of support from other Council members as did that of Spain, and consequently the Brazilian delegate refused to agree to a permanent seat being granted to Spain unless one were also given to an American state. Brazil maintained throughout that her claim was 'essentially continental in character'[3] and was put forward, not from selfish

[1] *The Times*, 24th March, 1926.

[2] See the statement of Senhor de Mello Franco to the Council on the 10th June, 1926, and the note by Lord Cecil on the history of Article 4 of the Covenant, printed as an annex to the Minutes of the First Session of the Committee on the Composition of the Council (C. 299, M. 139, 1926, V).

[3] Statement by Senhor de Mello Franco to the Council on the 10th June, 1926. It may be remarked that Brazil, in order to maintain continental solidarity, had refused the invitation to the First Hague Conference in 1899, on the ground that no other state from South America was invited (see a letter from Senhor J. C. Muniz, Acting Consul-General for Brazil in New York, printed in *The New York Times* of the 20th June, 1926).

motives, but on the ground that the American Continent was entitled to the permanent representation on the Council of which so far it had been deprived by the absence of the United States of America. At the same time, Brazilians no doubt felt that, in default of the United States, their own country was the most suitable American representative, since Brazil was the largest and most populous country of South America, and a country, moreover, which, besides having widespread interests, had frequently taken on itself the role of mediator in disputes between other American states[1] and had in fact 'placed arbitration among the cardinal principles of its political constitution'.[2]

The note circulated by the German Government in September 1924, asking for the views of states members of the Council on the question of a permanent seat for Germany, had been answered by Brazil on the 1st December. The note was not published at the time,[3] but the Brazilian Government afterwards claimed that its terms were intended to make it clear that Brazil reserved her right of action with regard to her own application for a permanent seat. The relevant passage, which was quoted by Senhor de Mello Franco to the Assembly on the 17th March, 1926, ran as follows:

> The Brazilian Government is of opinion, however, that the concrete questions arising out of the desires expressed by Germany are such as cannot be dealt with by individual Governments between themselves; they should rather be stated and discussed as a whole by the members of the League and within the League, in order that the various aspects of these questions and the views of the other Members should be fully made known. The German Government may be sure, however, that we shall examine impartially and in a conciliatory spirit the desires it expresses in its memorandum dated September 29th, 1924, and that we are resolved to find satisfactory solutions for all questions and all just claims, without prejudice to the engagements undertaken by Brazil or to the true doctrine of international law, so far as the latter is applicable in each individual case.

[1] See a statement by Senhor de Castello Branco Clark, Brazilian Minister in Switzerland, to the Swiss Press, quoted in *Le Temps*, 26th February, 1926. For a full exposition of Brazil's attitude see the speech by Senhor de Mello Franco to the Council on the 10th June, 1926, and the statement from the Brazilian Government communicated by him to the Council (printed as an annex to the Minutes of the First Meeting of the Commission on the Constitution of the Council).

[2] Senhor de Mello Franco in the Assembly on the 17th March, 1926.

[3] According to Sir Austen Chamberlain, speaking in the House of Commons at Westminster on the 23rd March, 1926, 'The terms of that communication were, I believe, unknown to any Government, except the Brazilian Government which sent it, and the German Government which received it, until others of us heard them read out at Geneva'.

The Brazilian claim to a permanent seat was definitely reaffirmed by the Foreign Minister towards the end of February 1926, in a statement which characterized as absurd 'the pretension of Germany to enter the Council alone'.[1]

Poland had been a candidate for a non-permanent seat on the Council for the first time at the 1923 Assembly, when she received seventeen votes (the absolute majority required being twenty-four). She had stood again in 1924 and 1925, but on each occasion received only two votes. In the autumn of 1924, when the question of Germany's admission to the League was under discussion and the German Government was in correspondence on the subject with the Powers represented on the Council, the Polish Press, commenting on the French Government's reply to Germany that she must seek admission in the ordinary way and without exception or privilege, had expressed the view that it would be a privilege if Germany received a seat on the Council so long as a number of problems in which she and Poland were concerned remained unsettled and were likely to come up before the Council for decision, and had urged that Poland had an equal right with Germany to permanent representation on the Council.[2] In August 1925 the *Gazette de Varsovie*[3] put the view that since Germany, if she entered the Council, would certainly increase her efforts to secure a revision of the territorial clauses of the Treaty of Versailles, it was essential that Poland, in order to safeguard her interests, should have the same rights and the same means of defence as Germany.

The Polish claim for a permanent seat was put forward with persistence and vehemence in February 1926.[4] The official organ of the National Democrats, the largest group in the Diet, went so far as to state, on the 22nd February, that if Poland did not enter the Council the Locarno Treaty would become worthless and Poland would have to revise her attitude towards it.[5] It was also rumoured that Count Skrzyński had declared to the British Minister at Warsaw that if Poland were not granted a permanent seat she would be obliged to withdraw from the League and enter into closer relations with Russia, but the truth of this report was denied.[6] In addition to the support of France, Poland could count on that of Italy.

[1] *The Times*, 23rd February; *Le Temps*, 24th February, 1926.
[2] *Le Temps*, 8th October, 1924.
[3] Quoted in *Le Temps*, 18th August, 1925.
[4] For the Polish case see *The Times*, 17th and 23rd February; and *Le Temps*, 25th February.
[5] *The Times*, 23rd February, 1926.
[6] *Le Temps*, 26th February, 1926.

Before the end of February, Signor Mussolini had given an assurance to this effect to the Polish Minister in Rome.[1]

The attitude of the Polish Government was defined by Count Skrzyński in his speech[2] in the Diet on the 25th February, during the debate on the Franco-Polish Guarantee Treaty and the German-Polish Arbitration Treaty concluded at Locarno. The treaties were ratified by the Diet on the 2nd March; a motion proposing that ratification should be made conditional on Poland's obtaining a permanent seat on the Council was not voted on, as being contrary to the constitution, but a resolution was adopted, almost unanimously, to the effect that the attribution to Poland of a permanent seat on the Council, which would be the natural outcome of the Locarno policy, was a political necessity in view of Poland's position in Eastern Europe, and would be considered by the Diet as proof of the victory of the idea of peace over the policy of hatred.[3] The treaties were ratified by the Senate on the following day (3rd March).[4]

The Chinese attitude was defined by Mr. Chao-hsin Chu, the Chinese Minister in Italy, who in a speech to the London Press Club on the 28th February announced that if other Powers applied for permanent seats, his Government would also put forward a claim. On the 4th March it was announced at Geneva that Mr. Chu had made formal application for a permanent seat. The text of his note was as follows:

> In the name of my Government, in the event of the number of seats on the Council of the League of Nations being augmented, I am instructed to present a formal demand for the allotment of a permanent seat on the Council to China. My Government, in formulating this request, takes its stand on the international *status quo* and the importance of China in comparison with other Powers. My Government further considers that such a representation of China, a Power which occupies the greatest area on the Asiatic Continent, which possesses a quarter of the total population of the globe, which disposes of unlimited resources and a considerable economic power, and which has distinguished itself by its ancient civilization and its traditional culture, could but enhance the efficacy of the League of Nations. In the name of my Government I beg you to place this demand before the Council for consideration, and afterwards before the present Extraordinary Assembly of the League of Nations.

This Chinese attitude, while not formally in conflict with the Spanish, Brazilian, and Polish claims, practically exposed those

[1] *Le Temps*, 28th February, 1926.

[2] Résumé in *The Times*, 26th February, 1926: 'Locarno could not, unless it were to be a threat to the world's peace, constitute an alteration either of the letter or of the spirit of the League Covenant. This problem would be considered at Geneva. The test would be the reconstruction of the League Council'. [3] *Le Temps*, 4th March, 1926. [4] *The Times*, 4th March, 1926.

claims to a *reductio ad absurdum*. The Swedish attitude towards them was one of outright and declared opposition.

As soon as the plan of increasing the number of permanent seats on the Council began to be discussed, it was sharply criticized in the Swedish press,[1] and Monsieur Hennings, the Swedish delegate at the Council meeting in February, was reported to have declared to a representative of the *Journal de Genève* that his Government would not agree to any increase in the number of seats beyond that granted to Germany.[2] The Swedish attitude, as outlined in the Swedish press,[3] was that the granting of a permanent seat to Germany had already been decided upon and had no connexion with proposals for creating new permanent seats, which should be left for consideration by the Assembly at its ordinary (seventh) session in September and not discussed by the Special Assembly, which was not competent to deal with them. On the 5th March, just before the Swedish delegation left for Geneva, Monsieur Undén definitely declared in the Riksdag that the Government had given instructions to the delegates to oppose any proposal put forward at this session for the reorganization of the Council other than by the admission of Germany.[4]

At the beginning of March, the Danish Government was reported to have informed the Swedish Government that the Danish delegation at Geneva would be instructed to support the Swedish policy.[5]

Belgium, or at any rate the Belgian Minister for Foreign Affairs, Monsieur Vandervelde, likewise showed an inclination to take up the same attitude as Sweden—a tendency of Belgian policy which was noteworthy in view of the fact that, since the War, Belgium had markedly followed the lead of France, and that in this matter France was undisguisedly favourable to the Spanish and Polish claims.[6] Apparently Belgium cherished no expectation of securing a permanent seat on the Council for herself and would therefore have preferred that permanent seats should not be granted to any other states of lower calibre than Great Powers, since the effect of such

[1] *Frankfurter Zeitung*, 12th February, 1926.
[2] *Ibid.*, 14th February, 1926.
[3] See *Le Temps*, 22nd February; *Frankfurter Zeitung*, 21st February.
[4] *Le Temps*, 7th March, 1926.
[5] *The Times*, 1st March; *Le Temps*, 2nd March, 1926.
[6] See *Le Temps*, 12th February, 1926, for an interpretation of the Belgian attitude, *à propos* of a meeting in Paris between Monsieur Vandervelde and Monsieur Briand, who were reported to have discussed the question of the composition of the League Council as well as other matters of common interest to their two countries.

grants would be to give the recipients a higher international standing than Belgium, whereas, up to the present, Belgium had succeeded in retaining the privileged international position which she had won by her role in the War. If, however, permanent seats were granted, nevertheless, to states of the intermediate class as well as to Germany, then Belgium would press her own moral claim at least to be re-elected to the non-permanent seat which she had held since the beginning. On the 3rd March, 1926, the Belgian Senate unanimously adopted the Bill approving the Locarno treaties. On the same day Monsieur Vandervelde made a statement in the Chamber which indicated the Government's policy with regard to the forthcoming meeting at Geneva. While refusing to express any definite opinion as to the claims of Spain, Brazil, and Poland, Monsieur Vandervelde expressed the fear that if the Council followed the course which it was being urged to take and created new permanent seats, this would necessitate an increase of non-permanent members, resulting in a Council of eighteen or twenty members, including nearly all the states of political importance. This, he thought, would both discredit the Assembly and would make deliberation in the Council so difficult that a restricted committee of some sort would have to be created, and this committee would become the real organ of decision. Even if the Council were enlarged he thought Belgium was by no means certain of obtaining a permanent seat.[1] On the following day (4th March) Monsieur Vandervelde again spoke in the Chamber and pointed out that the Council, if the present application for permanent seats were accepted, would include representatives of all the signatories of the Locarno treaties. It would be 'profoundly improper' if Belgium were left out of the Council at the moment when Germany entered.[2]

It remains to record the attitudes which were taken up and the endeavours to arrive at a compromise which were made by France and Great Britain[3] on the eve of the special session of the League Assembly.

[1] *The Times*, 4th March, 1926. [2] *Ibid.*, 5th March, 1926.

[3] These two Powers were particularly closely concerned in the matter, owing to the parts which they had played in the negotiations leading up to the Locarno Pact (see *Survey for 1925*, vol. ii, Part I. A, Section (ii)). Germany, whose interests were even more intimately affected, was condemned to inaction *ex hypothesi*, since the terms of her admission to membership in the League constituted the matter at issue. Italy and Japan held somewhat aloof, as they had done during the security and disarmament negotiations of 1925 (see *Survey for 1925*, vol. ii, *loc. cit.*). In the third week of February a report was published in the French press (*Frankfurter Zeitung*, 19th February, from *Le Matin*) that the Japanese Government had informed the British Govern-

The exchange of views between the French and British Governments appears to have begun on the 27th–29th January, 1926, in Paris, where Sir Austen Chamberlain, on his way home from Rapallo, had conversations with Monsieur Briand.[1] On this occasion, as Sir Austen Chamberlain afterwards (on the 23rd March, 1926) informed the House of Commons at Westminster, Monsieur Briand avowed to the British Secretary of State the intention of the French Government to support the claim of Poland to a permanent seat on the Council of the League, and Sir Austen Chamberlain declined to give any assurance regarding the attitude of the British Government in this matter. In Paris, on the 28th, the British Secretary of State also met Señor Quiñones de León, the Spanish Ambassador;[2] and at this meeting (as would appear from his statement in the House of Commons on the 23rd March, 1926) he told the Spanish representative that, 'in suitable circumstances', the British Government 'would renew the support' which that Government (under a different ministry) had accorded four years earlier to the Spanish claim to a permanent seat on the Council. The meeting, likewise in Paris, between Monsieur Vandervelde and Monsieur Briand, which has been mentioned above, followed on the 10th February. The upshot of these encounters between statesmen was not made public at the time by the statesmen themselves; and the penalty of official reticence was the ventilation of rumours in the press. It was reported that claims to permanent seats on the League Council for other countries besides Germany were not only to be raised, but were to be raised at the special session of the Assembly, and that a definite undertaking to support the Spanish claim had been given by Sir Austen Chamberlain to Señor Quiñones de León in Paris on the 28th January.[3] These rumours were made the subject of a parlia-

ment that it was opposed in principle to granting permanent seats to other countries besides Germany; but a few days later it was announced that the Japanese Foreign Minister had denied this report and declared that the Government had not yet decided on its attitude (*Le Temps*, 22nd February).

[1] *The Times*, 28th, 29th, and 30th January; *Le Temps*, 27th, 29th, and 30th January; *Frankfurter Zeitung*, 29th January; statement by Sir Austen Chamberlain himself in the House of Commons at Westminster on the 23rd March, 1926.

[2] *Frankfurter Zeitung*, 29th January, 1926.

[3] For example, on the 10th February, 1926, *The Manchester Guardian* published the report that Sir Austen Chamberlain, on the occasion of his meeting with the Spanish Ambassador in Paris, had given a definite undertaking that the British Government would support Spain's claim to a permanent seat on the Council. The London correspondent of *The Manchester Guardian* said that British official quarters refused either to confirm or to deny this story, but gave it as his opinion that Sir A. Chamberlain's expressions of sympathy with Spain and her aspirations had been interpreted by the Spanish Ambassador as an undertaking, and that French diplomacy had made the

mentary question by Mr. Ramsay MacDonald; and, in answer, Sir Austen Chamberlain admitted in the House of Commons at Westminster, on the 11th February, that the application of Germany for admission to the League had 'opened . . . the whole question of the composition of the Council' and was 'giving rise to claims in other quarters'; but he deprecated any pre-judgement in the House of a matter which was to be the subject of debate and decision by the Council and the Assembly and submitted that 'it would defeat the whole object of such common consultation and destroy the usefulness and influence of the League if the representatives of this and other countries were bound in advance by rigid instructions which rendered any common agreement impossible'. To a direct oral question, from another member, as to whether the rumour of his having given an undertaking to the Spanish Government were true, he excused himself from replying.

Meanwhile, the exchanges of views continued. On the 15th–17th February, Sir Eric Drummond visited Berlin, partly as an act of courtesy to the Government of a prospective member of the League, and partly in order to establish contact with the Government Departments with which the Secretariat would be in touch, to discuss technical details and to explain certain matters of procedure at Geneva which were not fully understood in Berlin.[1] On the 17th, the German Ambassador in Paris, Herr von Hoesch, had an interview with Monsieur Briand.

The rumours then in circulation were evidently bound to be disquieting to the German Government. When, on the 29th September, 1924, Germany had addressed a communication to all states members of the Council, demanding the immediate grant of a permanent seat on the Council as a condition of her application for admission to membership in the League, no member of the Council had either contested this demand or explicitly made the proviso that permanent seats should be granted to other states simultaneously; and although it was equally true that none of them had given Germany an assurance (for which indeed she had not asked) that this would not be done, and while the Brazilian Government, at least, had made a reply which was not free from ambiguity, the German Government could point out on the other side that, all through the negotiations leading up to the Locarno Pact, when it was common knowledge that Ger-

story more definite; it had been known for some time that France wanted to secure a permanent seat for Spain, since Poland and Brazil could not then be refused the same privilege.

[1] *The Times*, 16th and 18th February; *Le Temps*, 17th and 18th February; *Frankfurter Zeitung*, 18th February, 1926.

many had stipulated for the grant of a permanent seat on the Council immediately after her entry into the League (on which the other parties were insisting), the question of the simultaneous grant of permanent seats to other states had been left in abeyance.[1] It was now reported[2] that the German Government had instructed its representatives in Paris, London, and Rome to ask whether it was contemplated that other Powers besides Germany should receive permanent seats; but this was denied,[3] and it was suggested[4] that the German Government had simply contemplated the renunciation of Germany's entry into the League if the conditions in which the Government had taken its decision to apply for admission were modified unfairly. In the interview between Herr von Hoesch and Monsieur Briand the question of an increase of permanent seats was reported to have been discussed.[5]

On the 18th February Sir A. Chamberlain, in a speech to the Foreign Press Association,[6] declared that the British Government had not yet taken a resolution regarding the composition of the League Council, and formulated his own view of the standpoint from which the question ought to be considered.[7] On the 19th February

[1] This point was made by Lord Parmoor in the House of Lords at Westminster on the 24th February, 1926, and by Dr. Luther at Hamburg on the 2nd March, 1926. In the House of Commons at Westminster on the 23rd March, 1926, Sir Austen Chamberlain formulated the German point of view as follows:

> It never entered our mind that any change was contemplated in the Council at this moment, except the addition of a permanent seat for ourselves. No hint of that was given to us during our discussions at Locarno. If you had that in mind, you ought to have told us. As you did not tell us, and as it never occurred to us to suppose that there was such a prospect, we based our whole case for the Locarno policy and, above all, for entering into the League, among our own people upon the assumption that the Council would remain unchanged and be unchanged at the moment we entered, and we cannot now alter what was the basis of our whole domestic campaign.

[2] *Le Temps*, 17th February; *Corriere della Sera*, 18th February, 1926.

[3] *Le Temps*, 18th February, 1926.

[4] *The Tägliche Rundschau*, as quoted in *Le Temps*, 18th February, 1926.

[5] The *Frankfurter Zeitung* stated on the 18th February that Herr von Hoesch had clearly expressed his Government's view that the granting of a permanent seat to Poland was undesirable, but denied that Germany was threatening to withdraw her application for membership. On the same date, the *Corriere della Sera* reported that Monsieur Briand had explained that as the entry of Germany into the Council would disturb the existing equilibrium it would be necessary to bring in other nations such as Poland.

[6] See *The Times*, 19th February, 1926.

[7] 'The only question they should ask themselves was: How could the Council be made most fit to discharge the task of immense responsibility which lay upon it now and all the still greater responsibilities which might fall upon it at any moment and were certain, in one way or another, to fall upon it some day or another?'

the question of Germany's entry into the League was discussed by the Foreign Affairs Committee of the Reichstag, and Herr Stresemann, in his statement, went into the question of the possible extension of the League Council.[1] On the 22nd February the announcement was made at Rio de Janeiro that the Brazilian Foreign Minister had made a statement reaffirming Brazil's claim to a permanent seat.[2] On the same date the League of Nations Union Committee in the House of Commons at Westminster passed a resolution in which it expressed 'apprehension that the meeting of the League Assembly, convened specially for electing Germany to membership and to a permanent seat on the Council, should be made the occasion for further fundamental changes in the constitution of the Council, and' urged 'the Government to offer the most strenuous opposition to any further enlargement of the Council'.[3]

On the 23rd February Sir A. Chamberlain, in a speech at Birmingham,[4] put forward the view that the Council ought to be enlarged in any case in order to increase its moral authority. On the 24th February the question of the composition of the Council was the subject of a debate in the House of Lords at Westminster, on a motion from Lord Parmoor to the effect that it was not desirable, on the occasion of Germany's application for admission to the League, for the question of the general reconstitution of the Council to be raised or for its numbers to be increased. A plea from Lord Cecil, replying on the Government's behalf, that the British representative should not be sent to Geneva 'tied hand and foot by instructions given at home', resulted in the motion being withdrawn. On the 25th February Count Skrzyński, speaking in the Polish Diet during the debate on the Locarno treaties, explicitly claimed (as has been recorded above) a permanent seat on the Council for Poland.[5] On the 26th February it was semi-officially announced at Madrid that Spain intended to urge her claim for a permanent seat.[6] On the 1st March, at a meeting of the League of Nations Parliamentary Committee at the House of Commons, Sir A. Chamberlain declared that

[1] *The Times*, 20th February, 1926. [2] *Ibid.*, 23rd February, 1926.

[3] Quoted in the House of Commons on the 23rd March, 1926, by Mr. Runciman. [4] See *The Times*, 24th February, 1926.

[5] 'For Poland, the practical interpretation of the spirit of Article 4 could not be anything else than the appearance of Poland on the League Council with equal status simultaneously with the entry of Germany.'

[6] The Havas Agency reported (*Frankfurter Zeitung*, 27th February, 1926) a declaration to this effect by the Marquis de Estella on the occasion of a conversation with the Foreign Minister, Señor Yanguas, who had already defined the Spanish claim in an article in *La Nacion* of Madrid (*Le Temps*, 27th February, 1926).

he had taken no decision on the question of permanent seats when he was passing through Paris in January and that he was immovably opposed to the suggestion that any state should be brought into the Council as a counterpoise to Germany.[1] On the 2nd March statements were made by Monsieur Briand in the French Chamber and by Herr Luther at Hamburg.[2] Monsieur Briand spoke the same language as Sir Austen Chamberlain. The French Government, he declared, was in favour of the extension of the Council in view of the extension of the business which would now have to be dealt with. If the Council were enlarged, he would see Poland in it with very keen pleasure, and he hoped that Germany would understand that that was in her own interest, since the Council was not a closed field of combat but an organ of conciliation taking its decisions unanimously. On the other hand, Dr. Luther declared that it would be in conflict with existing understandings if the assignment of a permanent seat on the Council to Germany should be preceded by a change in the constitution of the League in respect of the composition of the Council, and that any alteration in the composition of the Council or in the organization of the League would result in Germany's being placed in an entirely impossible position. It was also on the 2nd March that the Polish Diet (as has been mentioned) ratified the Locarno treaties and passed a resolution demanding a permanent seat on the Council. On the 3rd March the Locarno treaties were ratified by the Polish Senate; and on the same date the French Chamber also ratified the treaties by 314 votes to 71[3] after a debate[4] which had lasted since the 25th February. It was on the 3rd March, again, that the Belgian attitude was declared by Monsieur Vandervelde in a speech in the Chamber. On the 4th March a statement in regard to the composition of the Council was made in the House of Commons at Westminster, in the course of a debate, by Sir Austen Chamberlain.

This debate in the British House of Commons was an event of international importance, since it was the expression of a conflict between official policy and public opinion. During the preceding month, the moves made by the statesmen of the different countries and the rumours to which these moves had given rise had precipitated, among the peoples, an 'international controversy',[5] in which

[1] *The Times*, 2nd March, 1926. [2] See *ibid.*, 3rd March, 1926.
[3] *Le Temps*, 4th March, 1926.
[4] See *The Manchester Guardian*, 2nd March, for the view expressed in this debate (by private members) that the Locarno Pact was inequitable to France as being unduly advantageous to Great Britain.
[5] This was the phrase used by Sir Austen Chamberlain on the 4th March, 1926.

differences of view had been more frankly and forcibly expressed than in 'diplomatic circles'. The contrast between this unconcealed schism in international public opinion and the studied efforts of the statesmen to keep up the appearance of a common front was nowhere more striking than in the case of France and Great Britain—the two Powers whose action was expected to have the greatest influence on the outcome of the special session of the League Assembly.

While both Monsieur Briand and Sir Austen Chamberlain had let it be known that in principle they were in favour of an eventual enlargement of the League Council beyond that involved in the assignment of a permanent seat to Germany, French public opinion, as reflected in the press and in the Chamber, had not only given its wholehearted support to Poland's demand for the immediate grant of a permanent seat, but had done so on the ground which had been taken by the Poles themselves: namely, that the inclusion of Poland in the Council at the same moment as Germany and on the same terms was indispensable in order to provide a counterweight to the augmentation of Germany's power which the grant of a permanent seat on the Council would carry with it. Meanwhile, British public opinion had declared itself, with at least equal decisiveness and unanimity, on the other side. Indeed, the strength of the public interest and public feeling aroused resembled that which was usual in the party struggles of internal politics rather than the tolerant indifference with which the British public had been accustomed to give a free hand to the Government of the day in matters of foreign policy—at least in those in which the issue of peace or war was not patently and imminently involved. In this instance the movement of public opinion was the more impressive in as much as it cut across the conventional party divisions. 'I have never known in all my life', Mr. Ramsay MacDonald declared in the House of Commons on the 4th March, 'a situation which has so united the nation as the issue we are discussing to-day'; and public opinion was authoritatively formulated by distinguished public men of diverse political complexions: for example, in a series of letters to *The Times* from Mr. H. A. L. Fisher (published on the 12th February), from Lord Phillimore (on the 15th February), from Mr. George Barnes (on the 15th February), from Lord Grey (on the 18th February), and from six Conservative Members of Parliament (on the 26th February).

The general sense of British opinion, thus presented, was strongly opposed to the immediate enlargement of the League Council beyond the grant of a permanent seat to Germany, and this on two grounds. In the first place it was felt that the proposed enlargement, con-

sidered on its own merits, would not increase the effectiveness of the Council—as Sir Austen Chamberlain and Monsieur Briand had both contended that it would do—by adding to its moral authority, but on the contrary would decrease it by making it an unwieldy body, especially in view of the difficulty of setting a limit to the creation of fresh permanent seats in the future, when once they had ceased to be reserved for Great Powers exclusively. In the second place (and on this point British feeling was more keen), it was felt that, even if the proposal for a general reconstruction of the Council had commended itself on its merits, the occasion of Germany's entry into the League was in any event a particularly 'inopportune moment'[1] for placing it on the agenda. It was inopportune because such a *démarche*, at the last moment before Germany would have a voice in the matter, could hardly fail to be interpreted in Germany as a moral contravention of the understanding which had been reached in the negotiations leading up to the Pact of Locarno. If that interpretation was erroneous, it would nevertheless be as unfortunate as it was plausible. If it unhappily proved correct, then Great Britain was in danger of being committed to a piece of 'sharp practice'[2] amounting to a 'breach of faith',[3] in which her honour and her good name would be involved. 'It is the point of honour', Mr. MacDonald declared in the House of Commons on the 4th March, 'that has seized upon the conscience of the people of this country.' The six Conservative Members of Parliament whose letter was published in *The Times* on the 26th February appealed to the Government to make an unequivocal declaration that, without prejudice to any action which they might take in September (i.e. at the regular seventh session of the League Assembly), they would oppose any suggestion to change the composition of the Council in March, apart from the election of Germany as a permanent member. Lord Grey, in a second letter published in *The Times* on the day of the debate in the House of Commons, questioned the wisdom of pressing the Government at that moment for an official declaration, but submitted that the nation was entitled to expect them to say clearly that the British representatives would go to Geneva free from any commitments to any other Government that would prevent them from advocating there what was the clearly expressed view of the country.

In the debate in the House of Commons on the 4th March this

[1] Phrase used by Mr. MacDonald in the House of Commons on the 4th March, 1926.

[2] Phrase used by Mr. Barnes in the letter published on the 15th February.

[3] Phrase used by Mr. J. H. Thomas in the House of Commons on the 4th March.

view was once again laid before the Government by Mr. MacDonald, Mr. Lloyd George, and Lord Hartington—that is, by members belonging to all three national parties—while a further statement regarding the Government's policy was made by the Foreign Secretary, Sir Austen Chamberlain, supported by the Prime Minister, Mr. Baldwin.

On this occasion, both Ministers explicitly declared that the Government was at one with the country in regretting that the general question of the composition of the Council had been brought up for discussion at the forthcoming special session of the Assembly, and they further mentioned that, in the preliminary diplomatic conversations, Sir Austen Chamberlain had done everything in his power to postpone the consideration of this question to a later date.

> If [the Foreign Secretary added] I rightly understand the causes of the anxiety that has been shown and the mind of the British nation, it is not that we are unalterably opposed to any change of the Council or to any addition to it, not that we desire here and now *a priori* to reject a particular claim without discussion; but it is due to their surprise at having these questions opened now, to the fear lest through opening these questions you endanger the results of Locarno and perhaps, above all, to a sense that there is something in the air which is not fair play, something of which one of the Powers might rightly complain and which is repugnant to the spirit of the game as we are accustomed to play it in state affairs no less than in other activities of our lives.

The Foreign Secretary summarized the guiding principles for the representatives of the British Government at the special session of the Assembly as being

> that nothing should be done to jeopardize the results of Locarno; that nothing should be done that gives any Power the right to say that it has been unfairly treated, or entrapped into a decision the consequences of which it did not understand; and that additions to the Council must be jealously watched.

In regard to the last of these principles he reminded the House that additions to the Council could only take place if the whole Council were unanimous in their support. He declared, however, that, if such unanimity were found to exist in the Council, the British Government would have to judge the claim upon its merits, and that he was not prepared to say *a priori* that no such claim could be admitted in any circumstances whatever. When pressed on the last point, he declined to commit himself to oppose the consideration of any claim, other than Germany's, at the forthcoming special session; and he further declined to make that commitment even in the contingency that, at the meeting at Geneva between the representatives of the parties

to the Locarno Treaty of Mutual Guarantee—a meeting which was immediately to precede the session of the Council, and in which (unlike the Council meeting) a representative of Germany would take part—there were found to be an absence of unanimity in favour of considering, in the special session of the Assembly, any other than the German claim. He asked, as before, to be given a free hand; but, in this connexion Mr. MacDonald pointed out that there was a question of freedom—or of allegiance—towards two parties.

> Is the Right Honourable Gentleman free? . . . He may go away to-day saying he has a free hand from this House. Is he free in relation to any pledge or any promise that he has given with reference to what he is going to do at Geneva? . . . Has he pledged himself to Spain? Has he pledged himself to Poland? I am going through the whole category. Has he pledged himself to Brazil?

In regard to this question of previous pledges to other Governments, the statements made by British Ministers in the House of Commons on the 4th March, 1926, were as follows. The Foreign Secretary stated that, at a 'private discussion' in the Council of the League, more than four years before, the British Government had supported the claim of Spain to a permanent seat.

> I see nothing [he added] in what has happened since which should make His Majesty's Government change their attitude to that claim on principle, though the time when that claim should be pressed is a different question, with which I am not dealing at this moment.

The Prime Minister's statement was as follows:

> I have renewed that support of Spain which was given to her under the Government of my Right Hon. Friend the Member for Carnarvon [Mr. Lloyd George]. There is no condition attaching to that as to time or occasion. We have given no pledge apart from that to any country of any kind, and we are under no obligation to any country.[1]

It will be noted that the Foreign Secretary did not mention that Spain had received a fresh assurance of the British Government's support, and that the Prime Minister, while he did tell the House that a fresh assurance had been given to Spain by his Government, refrained from telling them that this had in fact been done by Sir Austen Chamberlain in his conversation with the Spanish Ambassador in Paris on the 28th January.

[1] This renewal of support to the Spanish claim was represented by Mr. Baldwin, in the same context, as being a tribute to the principle of 'continuity of foreign policy'. Exception was afterwards taken to this by Mr. MacDonald (in the House of Commons at Westminster on the 23rd March, 1926) on the ground that in 1924 (during his ministry) Spain had been informed that, in respect of her claim to a permanent seat on the Council, the British Government's hands were free.

In the division that followed this debate in the House of Commons at Westminster, the victory of the Government (which was a foregone conclusion) was by 224 votes to 124; but the national feeling of the country had been signified in terms which could not be mistaken either by the British Government itself or by the Governments, the press, or the public of other countries. The instructions with which the British delegation went to Geneva were afterwards (on the 23rd March) reported by the Foreign Secretary to the House of Commons as follows:

> Subject to my discretion to make the best arrangements I could, in accordance with the development of the situation, our policy should be based on the following principles:
>
> No change in the Council can be admitted which would have the effect of preventing or delaying the entry of Germany. It would be best that Germany should, as a member of the Council, have full responsibility for any further change in the Council beyond her own admission.
>
> The rule that only Great Powers should be permanent members of the Council should, in principle, be maintained. Spain is in a special position, and may require exceptional treatment.
>
> Neither Poland nor Brazil should be made permanent members at present, but Poland should be given a non-permanent seat as soon as possible.

In France, on the morning of the 6th March, Monsieur Briand's Government fell in consequence of a defeat in the Chamber, on the previous night, over the internal question of a tax on payments.[1] Nevertheless Monsieur Briand still headed the French delegation which travelled to Geneva on the night of the 6th–7th.

Sir Austen Chamberlain, on his way to Geneva, explained to Monsieur Briand in Paris the bearing of his instructions upon the action which he must take in regard to the Polish claim, and to the Spanish Ambassador—on the train between Paris and Geneva—their bearing upon the action which he must take in regard to the Spanish claim. On the day of his arrival at Geneva he also told Count Skrzyński that part of his instructions which concerned him; and a little later he told the German delegates, likewise, exactly how he stood.[2]

(*e*) The Special Assembly of the League, 8th–17th March, 1926.[3]

On the 8th March, 1926, the delegates of forty-eight nations[4] were assembled in Geneva for the purpose of admitting Germany to membership in the League of Nations. It had been arranged, in

[1] *Le Temps*, 7th March, 1926.

[2] Statements by Sir Austen Chamberlain in the House of Commons at Westminster on the 23rd March, 1926.

[3] See *Cmd.* 2648 of 1926. [4] Out of the 55 states members at that time.

accordance with the wishes both of Sir Austen Chamberlain and of the German Government,[1] that the representatives of the Powers which had signed the Locarno Treaty of Mutual Guarantee—that is Great Britain, France, Italy, Belgium, and Germany (but not Czechoslovakia and Poland)—should meet at Geneva, before the opening of the Assembly and the Council, in order that they might 'freely exchange' their views 'in continuation of those free and friendly conversations which took place at Locarno itself'. On the afternoon of the 7th March, accordingly, Sir Austen Chamberlain, Monsieur Briand, Signor Scialoja, and Monsieur Vandervelde had a long discussion with Herren Luther and Stresemann, the object of which was said to be 'to make the entry of Germany into the League uncontroversial'.[2] The various delegates were understood to have taken the opportunity to explain their standpoints, and Monsieur Briand, in particular, was believed to have made every effort to impress upon Herren Luther and Stresemann that France had not been engaged in a 'disloyal' conspiracy against Germany, and that the question of enlarging the Council had not arisen after the conclusion of the Locarno treaties but had been under discussion for a long time and was to some extent governed by definite promises, such as those made to Spain by Governments represented on the Council.[3] These assurances were apparently well received by the German delegates,[4] but at this preliminary meeting the delegates merely defined their positions and the problem of reconciling the opposing points of view remained unsolved. In a brief communiqué issued at the conclusion of the conversations it was announced that a further exchange of views would take place at a later stage; but Monsieur Briand was obliged to return immediately to Paris in consequence of the political crisis which had arisen there on the eve of his departure for Geneva, and it was generally recognized that no great progress towards a solution could be made until it was known whether or not he would be able to return to Geneva as the leader of a new Government.

During the next few days, therefore, so far as the question of the composition of the Council was concerned, the delegations were for

[1] See Sir A. Chamberlain's statement in the House of Commons on the 4th March, referred to on p. 36 above.

[2] *The Times*, 8th March, 1926. [3] *Le Temps*, 9th March, 1926.

[4] On the 22nd March, 1926, Herr Stresemann stated in the Reichstag that at this preliminary meeting both Monsieur Briand and Sir Austen Chamberlain had declared that their Governments were not bound by promises to other states (presumably in the sense that they were not bound to support the candidatures of other states at this special session of the Assembly).

the most part merely marking time, though negotiations continued through the medium of private interviews, and a certain amount of formal business was transacted by the Council and the Assembly.

On the 8th March the Assembly met in plenary session, and referred Germany's application for membership to their First Committee.[1] The ordinary procedure for the admission of new members was followed. The First Committee, on the 9th March, set up a sub-committee to examine the five questions:

1. Is the application of the German Government for admission to the League of Nations in order?
2. Is the German Government recognized *de jure* and *de facto* and by what States?
3. Does the country possess a stable Government and well-defined frontiers?
4. Is it fully self-governing?
5. What have been the acts and declarations of the German Government regarding:
   (*a*) Its international engagements; and
   (*b*) The stipulations of the League with regard to armaments?

The sub-committee was agreed that the reply to the first question was in the affirmative and that there could be no doubt as to the replies to the second, third, and fourth. With regard to the fifth question, the Council on the 8th March, acting under Article 9 of the Covenant, had asked the Permanent Advisory Commission on Military, Naval, and Air Questions to examine the request of Germany for admission 'from the technical military, naval, and air point of view in fulfilment of Article 1 of the Covenant'. On the 9th March the Permanent Advisory Commission unanimously decided that the question of the status of the military, naval, and air forces of Germany, being regulated by the Versailles Treaty, did not require to be considered by the Commission. In the meantime the Conference of Ambassadors, in anticipation of a request for a statement as to the execution by Germany of her international engagements under the Treaty of Versailles, had on the 6th March communicated to the Secretary-General of the League the following declaration:

> The Conference of Ambassadors declares that, as far as it is concerned and to the best of its knowledge, Germany is now giving effective guarantees of her sincere intention to discharge her obligations under the Treaty of Peace of June 28th, 1919, and the instruments connected therewith.
>
> As regards more particularly the position of the military, naval, and air armaments of Germany, as laid down in the Treaty of Peace:

[1] See *Records of the Special Session of the Assembly* (Special Supplement No. 42 to the *League of Nations Official Journal*).

Military Clauses: The conditions on which the execution of these clauses is to be completed are contained in an agreement now in course of realization between the Signatory Powers concerned. . . .

Naval Clauses: These clauses have already been executed, and the final reports of the Naval Commission of Control were forwarded to the League of Nations on January 6th, 1925.

Air Clauses: It only remains to complete certain arrangements for ensuring in the future the general observance of the Treaty on this subject.

This report rendered the investigation of German armaments to be undertaken by the sub-committee a mere formality, and, without inviting a German representative to attend and supply information, as had been the practice with previous applicants for membership, the sub-committee decided that the fifth question, also, could be answered in the affirmative. The First Committee of the Assembly, on the 11th March, adopted its sub-committee's report and declared itself unanimously in favour of the admission of Germany into the League.

By the 11th March, therefore, when Monsieur Briand (who had succeeded on the previous day in forming a new Cabinet) returned to Geneva from Paris, the technical formalities necessary for the admission of Germany into the League had been completed, and under Article 1 of the Covenant she could be declared a member by a two-thirds vote of the Assembly. Since Germany herself, however, had made it an essential condition of her membership that she should be granted a permanent seat on the Council, and since under Article 4 of the Covenant it was the Council (two of whose members—Spain and Brazil—were also claiming seats) which must nominate to the Assembly any new permanent member, it was clear that the question of the composition of the Council must first be settled; but by this time the controversy over the allocation of seats, far from reaching a solution, had become more acute than ever. On the 9th March it had been reported[1] that there was good hope of the acceptance of a compromise by which Germany would be admitted to a permanent seat immediately and the whole question of the composition of the Council would be referred to a special committee for consideration before the regular session of the Assembly in September. The Chinese delegate, Mr. Chu, had announced that his Government's claim to a permanent seat would be withdrawn, provided all other applications save that of Germany were similarly held over; and though the claims of Spain, Brazil, and Poland were still being energetically canvassed it was believed that the general feeling of the majority

[1] *The Times*, 10th March, 1926.

of the delegations (influenced to a large extent by the unbending attitude of Monsieur Undén, the Swedish delegate, who persistently declined to discuss the question of allocation of seats) would be against any extension of the Council other than by the admission of Germany. On the afternoon of the 9th conversations took place between the German and British and the German and French delegates (Messieurs Paul-Boncour and Loucheur acting for France in the absence of Monsieur Briand); and on the morning of the 10th a second meeting of the 'Locarno Powers' was held.[1] The results of these conversations were not divulged; but it was apparently agreed that the question was now ripe for discussion with the other Powers at present represented on the Council. On the afternoon of the 10th, accordingly, the members of the Council, meeting for tea in the Secretary-General's room at the Palais des Nations, had a semi-official and private conversation; and it was at this meeting that the intentions of Brazil, which were to prove the determining factor, were for the first time openly stated. After Monsieur Undén had once more declared his Government's unqualified opposition to the creating of any new seats save that for Germany, and Señor Quiñones de León had reminded his colleagues that the Spanish claim, which dated from 1921, had nothing to do with that of Germany and was based on formal promises, Senhor de Mello Franco, the Brazilian delegate, announced that, his Government not being bound by the Locarno agreements, he might find himself obliged to impose his veto on the admission of Germany to the Council unless the Brazilian claim to a permanent seat were simultaneously granted.[2] The Italian delegate, Signor Scialoja, was reported to have declared himself in favour of an extension of the Council, and in particular of the allocation of a seat to Poland.[3]

Thus by the morning of the 11th, when Monsieur Briand arrived once more at Geneva, the situation had grown more, and not less, complex and delicate. The claims of Poland,[4] Spain, and Brazil to obtain permanent seats at the same time as Germany were all

[1] *Le Temps*, 11th March, 1926.

[2] *Le Temps* and *The Times*, 12th March, 1926. [3] *Le Temps, loc. cit.*

[4] Poland, unlike Spain and Brazil, had of course no direct spokesman on the Council, but she could count on the advocacy of the French and Italian delegates. Count Skrzyński, moreover, who had opened his campaign at Geneva by urging that the refusal of his demands might lead to the downfall of the existing ministry in Poland and the advent to power of statesmen less favourable to the League and to a policy of conciliation, had by this time won a considerable measure of general support as much by the force of his own personality as by his skilful handling of his case (*The Times*, 9th and 12th March, 1926).

firmly maintained and Brazil at any rate seemed prepared to push her demand to extremes; while on the other hand Sweden (in spite of a rumoured threat from Spain to denounce her commercial treaty with Sweden if the latter continued to show herself adamantine) remained rigidly opposed to the creation of new seats,[1] and the German delegates, though they continued to display exemplary patience, had made known their intention of refusing to allow Germany's application for membership to go before the Assembly until they were satisfied that their claim to enter the Council alone would be granted.[2]

A further semi-official meeting of the Council on the 11th showed that none of the delegates were as yet prepared to retreat from their respective positions; but at the same time the suggestion was gaining ground that the whole question of the constitution of the Council should be referred to a special commission.[3] By the following morning (the 12th) the influence of Monsieur Briand and Sir Austen Chamberlain had apparently induced the Spanish, Brazilian, and Swedish delegates to agree, at any rate provisionally, to a compromise;[4] and at a meeting of the Locarno Powers the proposal was formulated that Germany alone should be elected immediately to a permanent seat; that an additional non-permanent seat should be created, on the understanding that it would be allocated to Poland by the Assembly; and that consideration of the allocation of further permanent seats should be postponed until September and be referred in the meantime to a special committee. The fulfilment of this plan, which was described by Monsieur Briand to representatives of the press as 'the extreme limit of concessions'[5] was dependent on its acceptance by Germany, and on the evening of the 12th March the hopes that a solution had been reached were dashed by the announcement that Herr Luther had rejected the proposal.[6] It was understood that the failure of this compromise meant that Spain, Brazil, and Sweden would retain their freedom of action;[7] but Monsieur Undén, who had apparently agreed to refrain from further intervention in the discussions on the extension of the Council, was

[1] *The Times*, 12th and 13th March, 1926. [2] *Ibid.*, 12th March, 1926.
[3] *Le Temps*, 13th March, 1926.
[4] See *The New York Times*, 13th March, 1926; *Le Temps*, 14th March. Senhor de Mello Franco was apparently induced to ask his Government for fresh instructions by an assurance that Brazil might count on occupying the seat on the Council reserved to the U.S.A. until such time as that Power entered the League (*Le Temps*, 17th March, 1926).
[5] *Le Temps*, 14th March, 1926.
[6] *The Times* and *The New York Times*, 13th March; *Le Temps*, 14th March, 1926. [7] *The New York Times*, 13th March, 1926.

reported to have suggested on the 12th March that he should himself renounce his seat in favour of Poland,[1] and this offer, which was followed by similar suggestions on the part of Monsieur Beneš for Czechoslovakia and Monsieur Vandervelde for Belgium,[2] opened up the possibility of further negotiations.

The second plenary session of the Assembly, which was held on the 13th March, did not have before it Germany's application for admission; but during this and the following day numerous conversations took place between the various delegates, among whom Monsieur Vandervelde and Viscount Ishii were particularly active in their attempts at conciliation.[3] A new proposal was being canvassed by which an additional non-permanent seat would be created immediately but would not be filled till September (the expectation being that Poland would then be elected); but, even if this should prove more acceptable to Germany, there remained the possible obstacle of the attitude of Brazil.[4]

On the evening of the 14th March Monsieur Briand and Herr Stresemann had a long conversation, in the course of which they discussed the possibility of the Swedish representative on the Council retiring in favour of Poland. Herr Stresemann was understood to have pointed out that this would mean a Council unduly French in complexion—since Belgium, Czechoslovakia, and Poland could all be counted on to vote with France—and to avoid this result it was suggested that Monsieur Beneš's offer to retire should also be accepted and that the two new members should be Poland and a neutral, preferably Holland. Herr Stresemann apparently gave an undertaking to accept this arrangement if Monsieur Briand could secure its approval by the other parties concerned; and Monsieur Briand thereupon asked Messieurs Beneš and Undén to obtain full authorization from their Governments for the proposed course.[5]

When, on the 15th, Monsieur Briand informed his colleagues on the Council, at another private meeting, of his new hopes of a solution, the Brazilian delegate announced that he had received new instructions from Rio de Janeiro to veto the admission of Germany to the Council unless Brazil obtained her permanent seat.[6] The Council

[1] *Le Temps* and the *Corriere della Sera*, 14th March, 1926. This solution would have absolved the Swedish delegate from going back on his decision not to vote for the admission of any candidate save Germany.
[2] *The Times*, 16th March, 1926.
[3] *Le Temps* and *The New York Times*, 15th March, 1926.
[4] *The Times*, 15th March, 1926.
[5] *The New York Times*, 16th March, 1926.
[6] *The New York Times, loc. cit.*; *Le Temps*, 17th March, 1926.

thereupon dispatched an appeal to the Brazilian Government to modify its instructions to Senhor de Mello Franco;[1] and in the afternoon representatives of ten South American states, who met to discuss the situation, passed a resolution to the effect that the entry of Germany into the League was a matter of European interest which ought not to be prevented by the action of a South American state.[2] During the course of the day, conversations took place between Monsieur Beneš, Monsieur Ninčić (for Jugoslavia) and the Rumanian Minister at Berne, which resulted in the confirmation by the other two members of the Little Entente of Monsieur Beneš's offer to place his seat on the Council at the disposal of the Assembly,[3] and since Monsieur Undén had also obtained his Government's consent to the sacrifice of his seat,[4] it appeared that only the attitude of Brazil blocked the way to the adoption of Monsieur Briand's solution. Though there was ground for belief that the latest plan was not looked upon with any great favour by certain 'neutrals', such as Japan, who regretted the contemplated loss to the Council of both Monsieur Undén and Monsieur Beneš,[5] it was not probable that Viscount Ishii or any other 'neutral' would stand in the way of a solution which would mean that Germany could enter the League. As for the attitude of Spain, Señor Quiñones de León was reported to have declared that, while his Government had no intention of using its veto to prevent the admission of Germany to the Council, Spain would retire from the League if her hopes of a permanent seat were not fulfilled during this Assembly.[6]

Thus the position on the 16th was that a plenary session of the Assembly had been called for the following day, at which one of two courses must be followed. Either Germany would be admitted to membership in the League and to a permanent seat on the Council, and the Assembly would be asked to elect two new non-permanent members in place of Sweden and Czechoslovakia, Poland and Holland being the candidates recommended by the Council; or the whole

[1] *The New York Times, loc. cit.*

[2] *The Times*, 16th March, 1926; *The New York Times, loc. cit.*

[3] *Le Temps*, 17th March, 1926. It was reported, however, that the Little Entente delegates intended to insist on written assurances from the Allied Powers on the Council and from Germany that the Little Entente could count on a seat in the re-allocation in September (*Le Temps, loc. cit.*).

[4] *Le Temps, loc. cit.* The Swedish Government apparently agreed to the proposal only on condition that another Power also gave up its seat and that in electing a substitute for Sweden preference should be given to a nation belonging to the same group, such as Holland (*The Times*, 17th March, 1926).

[5] *The Times* and *The New York Times*, 16th March, 1926.

[6] *Le Temps*, 17th March, 1926.

question would be postponed on the ground that an immediate solution was impossible. The second alternative would have to be adopted if Brazil maintained her veto; and it was also possible that other contingencies necessitating this course might arise—it was not certain, for instance, whether China intended to pursue her claim to a permanent seat or not, or what action would be taken by Spain.[1] It was reported that the representatives of the Great Powers at Rio de Janeiro had protested to the President of Brazil against his Government's decision, and the delegates of the South American states at Geneva also continued to urge Senhor de Mello Franco not to use his veto against Germany, and pointed out, as an additional argument, that Brazil was a country of Portuguese origin and therefore not the most suitable to represent a continent mainly Spanish.[2] At a meeting on the 16th the American delegations adopted a resolution for transmission to Senhor de Mello Franco expressing 'the hope that Brazil will take such steps as she may consider most opportune to bring about unanimity in the Council and so remove the difficulties which stand in the way of its decision'.[3] There was, however, little hope that the attitude of Brazil would be modified before the Assembly met at 10 o'clock on the morning of the 17th; and on the evening of the 16th the 'Locarno Powers' issued the following *communiqué*:

> The representatives of Germany, Belgium, France, Great Britain, and Italy[4] held a meeting to-day and examined the difficulties which have arisen from questions of procedure and which render it impossible to attain the common desire. They take note that they have arrived at an agreement and have overcome all obstacles which for the moment had arisen between them. If, as there seems reason to fear, the above difficulties persist, the representatives of the Powers who signed the Protocol at Locarno would regret not to be able at this moment to reach the goal which they had in view, but they are happy to recognize that the work for peace which they had realized at Locarno and which exists in all its value and all its force remains intact. They remain attached to it to-day as yesterday and are firmly resolved to work together to maintain and develop it. They are convinced that on the occasion of the next session of the Assembly difficulties which exist at this moment will be surmounted and that the agreement which was reached in regard to the conditions for the entry of Germany into the League of Nations will be realized.

[1] See *The Times*, 17th March, 1926. [2] *The Times, loc. cit.*

[3] Text quoted by Señor Caballero (Paraguay) to the Assembly on the 17th March.

[4] The *communiqué* was signed by Count Skrzyński and Monsieur Beneš as well as by the representatives of the five Powers mentioned (*The Times*, 17th March, 1926).

By the morning of the 17th March no fresh instructions had been received from Rio de Janeiro and the Assembly was therefore officially notified by Sir Austen Chamberlain, as rapporteur for the First Committee, that difficulties had arisen in the Council which made it impossible for an agreement to be reached on the subject of a permanent seat for Germany, whose request for admission to the League was accordingly postponed. Sir Austen Chamberlain's speech was preceded by the formal statement by Senhor de Mello Franco of his Government's views[1] and the announcement that his instructions were 'irrevocable and final'; and the rapporteur explained the deadlock in the following terms:

> It is known to us all that, from the first, the German Government has made its demand subject to one natural and reasonable condition: that if and when she entered the League, she should receive a place on the Council consonant with her great position and influence. It was necessary, therefore, that, before I could propose to you to give a vote which, by itself, would make Germany a Member of the League, we should be assured that this further and most reasonable request would receive satisfaction.
>
> The declaration which has just been made by the honourable representative of Brazil shows that the members of the Council are not in a position to give that assurance, and, under those circumstances, it is impossible for me, having regard to the duty of loyalty that I owe to Germany herself, to propose that, at this moment, you should make her a Member of the League. . . .
>
> I am profoundly happy to be able to say that all the difficulties which existed within the ranks of the seven Locarno Powers have been removed, and that, if they had been the only obstacle, we might at this moment vote the entry of Germany into the League, to-day she might receive her permanent seat upon the Council, and this new acquisition of force and strength to the League, this new pledge for the stability of peace, would have been realized, as we all earnestly trusted that it might be.

After speeches had also been made by Monsieur Briand and other delegates, the Assembly adopted the following recommendation:

> The Assembly
>
> Regrets that the difficulties encountered have prevented the attainment of the purpose for which it was convened,
>
> And expresses the hope that, between now and the ordinary September session of 1926, these difficulties may be surmounted so as to make it possible for Germany to enter the League of Nations on that occasion.

Viscount Ishii, as Acting President of the Council, informed the Assembly that it was his intention to propose to the Council that

[1] In the course of this statement Senhor de Mello Franco read out the crucial passage in the Brazilian Government's note of the 1st December, 1924, in reply to the German Government's circular note addressed on the 29th September, 1924, to states members of the Council (see p. 24 above).

before the end of its session it should appoint a committee to study the composition of the Council and the number and method of election of the members; and on the 18th March the Council adopted the following resolution:

> The Council
>
> Considering that it is desirable that a thorough study should be made of the problems connected with the composition of the Council and the number and the method of election of its Members,
>
> Decides to appoint a Committee for the purpose.
>
> This Committee shall give particular attention to the claims up to now put forward by, or on behalf of, any Members of the League and shall be authorized to invite the Governments of any Members of the League which so desire to lay before it any statement, whether in writing or through an official representative, in support of their case, or containing their views on any of the problems falling within the competence of the Committee. It shall bear in mind the various proposals on the subject which have been previously discussed by the Council or the Assembly, and in particular the resolution regarding 'geographical and other considerations' repeatedly adopted by the latter body.
>
> The Committee shall consist of representatives of the Members of the Council and of the following states: the Argentine Republic, China, Germany, Poland and Switzerland. The names of these representatives shall be communicated to the Secretary-General as soon as possible.
>
> The Committee shall meet on May 10th, 1926, and shall prepare a report to the Council which shall be communicated to the Members of the League for information as soon as possible. In case it is not able to make a unanimous report, it shall make such majority and minority reports as may be necessary in order to acquaint the Members of the League with the full results of its deliberations.

No account of this crisis in the history of the League of Nations would be complete without indicating the immense effect produced on the minds of the delegates at Geneva by the methods of business employed during these critical days. The problems were faced not in official meetings of the Council but in 'conversations' or 'tea-parties' of the Foreign Ministers of the 'Great' or the 'Locarno' Powers. Not only were these secret in the sense that the public were not admitted—that was only to be expected—but of many of them no record appears to have been kept and the personnel varied according to the humour of the principal statesmen. Many of the statesmen kept the Press of their country informed to some extent of their view of the situation, but information so obtained was obviously one-sided, and was easily embroidered or distorted by enterprising journalists. The result was great dissatisfaction amongst the representatives of the Assembly Powers, but, though there were murmurs of revolt, none had the courage to demand that the questions should be brought

up for discussion in the Assembly before the issue was decided. Whether a more regular mode of proceeding would have achieved any different result may be doubted, but it would have prevented that atmosphere of suspicion, rumour and intrigue which was so apparent at Geneva, while these secret and mysterious conversations were proceeding.

(*f*) The Repercussion of the Special Assembly of the League, held in March 1926, in Different Countries

The Special Session of the League Assembly had ended in a failure which the protagonists did not attempt to minimize or explain away —at least at the third plenary meeting on the 17th March, 1926, which was one of those moments when ' out of the fulness of the heart the mouth speaketh'. In his speech on this occasion, from which a passage has been quoted above, Sir Austen Chamberlain described the outcome objectively as 'a tragedy' and subjectively as 'a bitter disappointment' to himself;[1] and, in common with many of his colleagues, he was exposed, after his return to his own country, to severe criticism in Parliament.

These parliamentary debates afforded further evidence of the deep concern with which the international issues at stake were regarded by public opinion. On the 22nd and 23rd March, Herr Stresemann and Herr Luther had to defend their foreign policy in the Reichstag against attacks from the parties of the Right, who represented the failure of the March session of the League Assembly as being an exposure of the bankruptcy of the Pact of Locarno.[2] On the 23rd March, Sir Austen Chamberlain and Mr. Baldwin had to defend, in the House of Commons at Westminster, the diplomacy of the British Secretary of State, not only at Geneva in March, but during the foregoing period between the opening of the special session of the Assembly on the 8th March, 1926, and the initialing of the Locarno Pact on the preceding 16th October. On the same date, before the Foreign Affairs Committee of the Diet at Warsaw, Count Skrzyński was called upon to disprove the somewhat surprising thesis that the Locarno Pact had been shown, by what had just happened at

[1] On the 25th March, 1926, when, in a different psychological atmosphere, the British Secretary of State was being admitted to the Honorary Freedom of the City of London, he characterized the language which he had used a week earlier as 'exaggerated', on the ground that the 'event, unfortunate as it was, had neither the inevitableness nor the finality which are the characteristics of true tragedy'. Yet it is 'adversis in rebus' that 'verae voces tum demum pectore ab imo eliciuntur et eripitur persona, manet res'.

[2] *The Times*, 23rd March, 1926; *The New York Times*, 24th March, 1926.

Geneva, to be 'not an act of reconciliation of Europe but a new arm of the German retaliatory policy'.[1] Even Monsieur Undén and his colleagues in the Swedish Government were criticized by the opposition in both Houses of Parliament at Stockholm, on the 24th March,[2] for having made that offer to resign the Swedish seat on the Council which was regarded by international public opinion as the solitary *beau geste* by which the general unworthiness and ineffectiveness of the proceedings at Geneva had been somewhat redeemed. There is a fine irony in the fact that the Brazilian Government alone claimed to have secured the unanimous and enthusiastic approval of their own countrymen for the stand which they had taken at Geneva[3]—an approval which, if really accorded, it would be charitable to attribute to the isolation of the Brazilian people and their consequent ignorance of international affairs.

It is true that the diplomatic failure at Geneva in March 1926 caused no ministries to fall. In the Reichstag, for instance, on the 23rd March, the motion of no confidence was defeated by 259 votes as against 141, and in the House of Commons on the same date by 325 as against 136. It is also true that, in the material sense, the 'tragedy' was retrieved by further international developments in the course of the same year, which are recorded below. Nevertheless, the proceedings at Geneva in March 1926 left their mark on international history in several important matters: they threw into relief the difference, in situation and in interest, between the European and the non-European members of the League; they marked a stage in the diminution of the prestige of the Great Powers; and they raised in an acute form the issue between 'Democratic Control' and 'Secret Diplomacy'.

On the first point there was a tendency among Europeans to resent an attitude on the part of Brazil which inevitably appeared callous in European eyes. ' I had hoped', exclaimed Monsieur Motta (Switzerland) at the meeting of the Assembly in Geneva on the 17th March, 'that the vision of stricken bleeding Europe, ready at last to extend the hand of reconciliation, would have touched all hearts.'—'I did not anticipate', declared Sir Austen Chamberlain in the House of Commons at Westminster on the 23rd March, 'that, when all others were agreed, Brazil, far removed from the dangers which we were seeking to avert from Europe, would step in, on behalf of a claim individual to herself, to prevent the consummation of the

[1] *The Times*, 24th March, 1926. [2] *Ibid.*, 25th March, 1926.
[3] See the speech of the President of the Brazilian Republic, reported in *The Times*, 24th March, 1926.

universal desire.' Yet the action of Brazil appeared in a different light to the representative at Geneva of at least one other non-European country, namely, the Chinese delegate, Mr. Chao-hsin Chu. 'Another wrong conception of the League which people generally take,' Mr. Chu suggested to his fellow-delegates on the 17th March, 'is that the League is dominated by European affairs. We all admit that European affairs nowadays seem more vital to the peace of the world, but we, as members of the League, should not forget that the League is a League of the whole world and has to fulfil a world-wide expectation. The League should be in no wise dominated by European politics. It should have its eye on all parts of the world and we should encourage all nations to take an equal part in the great work of its international organization.'

The first of the two wrong conceptions which Mr. Chu sought to correct on this occasion was that 'people nowadays generally recognize a Power by reason of its military strength'; and he submitted that 'in considering a nation as a Great Power we should take into account solely its economic potentialities and geographical position'. An observation to very much the same effect was reported to have been made by Count Skrzyński at Warsaw on the 23rd March in his statement to the Foreign Affairs Committee of the Diet. 'Ever since the Peace Conference the term "Powers" had been employed in a limited sense. It should be widened to include states whose security is threatened and whose position is special' (i.e. states which, from the military standpoint, were not in a specially strong but in a specially weak condition). No doubt both the Polish and the Chinese statesmen, in preaching this doctrine, were thinking first and foremost of their own countries' aspirations. Yet it is noteworthy that the purpose of the proceedings at Geneva in March 1926 had been to confer a permanent seat in the League Council—the acknowledged prerogative of a Great Power—upon Germany, a country which possessed all the qualifications laid down by Count Skrzyński and by Mr. Chu, but which, since the termination of the General War of 1914–18, had ceased altogether (at any rate for the time being) to be a Great Power in the traditional military sense. It is also noteworthy that the military impotence of Germany had never been adduced—at any stage of the proceedings, by any party—as a reason why the German claim to a permanent seat in the Council should be rejected. Indeed, no party had rejected the German claim on its own merits, for the Brazilian veto was contingent upon the refusal to grant a permanent seat to Brazil simultaneously, if and when the German claim was accepted. Moreover, after the lamentable

proceedings of March 1926, Germany—the sole acknowledged Great Power who was militarily impotent—had emerged with undiminished prestige, whereas those Great Powers whose titles still rested on the traditional basis of military strength (on whatever other foundations they may have rested as well) suffered heavy losses of prestige in this diplomatic engagement.

The combatants which emerged with flying colours were all states of intermediate or small calibre—the brigs and frigates of the international armada and not the ships of the line. The decisive shot which had doomed the proceedings to failure had been fired, in the teeth of all the Great Powers, by a state of intermediate calibre, Brazil, whose citizens could console themselves for the international odium (if they were aware of it) which their Government had incurred, with the thought that it was not too high a price to pay for the potency of the effect on international affairs which the Brazilian Government had exerted.[1] On the other hand, the *beau geste* which, but for the action of Brazil, would have extricated the League Assembly from its *impasse* in March by restoring a diplomatic situation that had been compromised by previous private conversations between representatives of Great Powers, was made by a small country, Sweden; and the credit for this was shared by Czechoslovakia, who (with the approval of her two allies of the Little Entente) followed suit to Sweden by placing her own seat on the Council likewise at the disposal of the Assembly. 'Sweden', Mr. Lloyd George declared in the House of Commons at Westminster on the 23rd March, 'took the right and the courageous course, and there is no doubt in the minds of the vast majority of people in this country, of all parties, that Sweden represented public opinion in Great Britain as well as in her own country.' The same British statesman, on the same occasion, pronounced that, according to 'universal testimony', the Polish representative at Geneva, Count Skrzyński, 'as would have been expected of him', had 'behaved with tact, restraint, and great dignity'. Sir Austen Chamberlain himself generously admitted that 'the honours at Geneva were shared by the Poles, the Germans, the Swedes, and the Czechs'.

At the final meeting of the special Assembly at Geneva, on the 17th March, it was left for the representatives of two other small countries—Jonkheer Loudon (Netherlands) and Dr. Nansen

[1] In a letter published in *The Times* on the 26th March, 1926, the Brazilian Ambassador in London gave a *démenti* to the rumour that, at Geneva in March, Brazil had 'acted not independently but under the influence or at the instigation of another Power or other Powers'.

(Norway)—to raise the issue of 'secret diplomacy'. Jonkheer Loudon recorded the 'impatience, followed by profound dissatisfaction', with which the delegations of forty-eight nations which had been 'summoned . . . to decide a question of vital importance to the League' had waited, while 'for ten days the Members of the Council' had 'tried to arrive at an agreement by means of private and unofficial conversations—fragments of which have reached the various delegations'. Dr. Nansen spoke in still plainer language:

> I am afraid, as Monsieur Loudon has said, that the League may have lost or may lose some of its prestige on account of what has happened, but it should be said here—and the attention of the world ought to be drawn to the fact—that, under the circumstances, owing to recent developments and to the difficulties that unexpectedly arose, the machinery of the League has not been used at all, and therefore the League itself cannot be blamed for what has happened. The machinery of the League did not even begin to work; no use has been made of it. What has happened is that there have been private conversations. There has been no meeting of the Council and no meeting of the Assembly to discuss the question. No record at all has been kept for the future of what happened in Geneva in March 1926.

Equally severe strictures upon the diplomatic methods employed at Geneva by the representatives of the Great Powers were made in the course of the debate on the 23rd March in the House of Commons at Westminster. Here Jonkheer Loudon's and Dr. Nansen's protests against the substitution of private conversations for the public procedure of the League in the recent proceedings at Geneva were reiterated, in stronger terms, by Mr. Lloyd George, Mr. Ramsay MacDonald, and Sir John Simon. The leaders of the opposition in the British Parliament, however, in common with several leading organs of the British Press,[1] laid greater stress on the private conversations between statesmen before the proceedings at Geneva began (e.g. the conversations which had been held by Sir Austen Chamberlain in Paris on the 27th–29th January, 1926, with Monsieur Briand and with Señor Quiñones de León). As Sir John Simon, for instance, suggested to the House,

> it is really quite clear that what the Foreign Secretary calls the 'tragedy of Geneva' is not due to what happened at Geneva at all. It is due to certain things which happened between Locarno and Geneva. . . . He has really so conducted this business between Locarno and Geneva as to create exactly the wrong atmosphere for carrying Geneva successfully through.

[1] See the quotations from *The Times* and *The Spectator* which were made by Mr. Lloyd George in the House of Commons on the 23rd March, 1926.

Nor, in the view of Sir Austen Chamberlain's critics in Great Britain, was the issue between 'secret' and 'open' diplomacy merely a choice between two alternative techniques, of which the older appeared to be less efficient than the younger. It was also a constitutional issue between an undemocratic pretension, on the part of the Executive, to be exempt from parliamentary control in its conduct of foreign affairs and the democratic claim of a self-governing nation, acting through the apparatus of responsible parliamentary government, to control Ministers' conduct of public policy in every department of public life—not excluding the department of foreign affairs, which had been proved, by the tragic experience of war, to touch the fortunes, the happiness and the lives of every man, woman, and child in the country. In Great Britain, at any rate, it was this latter aspect of the issue that aroused the strongest feelings on both sides.

On the 12th March, for instance, *The Times*, an organ which was not addicted to the expression of extreme or minoritarian views, especially in criticism of a Conservative Ministry in office, wrote as follows in a leading article:

> It is not agreeable to reflect that, if our own Government had taken three weeks ago a firm stand in accordance with what was later revealed as the definite view of the country, this humiliating spectacle of national discord might have been avoided.

On the 23rd March the same point was made by Mr. Rennie Smith in the House of Commons:

> I think that we are perfectly justified in taking the view that the Foreign Secretary has not interpreted either the spirit and the expressed purpose of this House, or the spirit and the expressed purpose of those five regulations which he received from the Prime Minister.

On the other side, the Foreign Secretary did not conceal the fact that he viewed both the demand for 'open diplomacy' and the demand for 'democratic control' with a certain repugnance and even resentment—primarily and avowedly on the ground that these demands hampered him in attempting to carry out his very difficult diplomatic tasks, but perhaps also—secondarily, and without avowing this even to himself—on the ground that such demands constituted an unwarrantable attack upon a traditional prerogative. His attitude may be illustrated from the speeches which he delivered in the House of Commons at Westminster on the 4th and the 23rd March:

> I must confess that it is not without great anxiety that I have watched the progress of the international controversy which has arisen

on this occasion. Whatever view may be taken on the particular questions which are at issue, it has seemed to me that the case for or against a particular proposition is often argued on wholly wrong grounds and on grounds which strike at the very spirit and essence of the League.

I do not doubt that if we could have met at once, before public opinion had taken charge in so many countries, we could have reached an agreement with much less difficulty, and probably at a far lower cost. Unfortunately, the controversy became public. . . . That was the trouble, the publicity that was given to these discussions, the emphasizing in each country of its own national point of view, the stirring up of national pride and raising a point of honour.

This controversy between Sir Austen Chamberlain and his critics in March 1926 went to the root of two matters of fundamental interest—an historical interest in the one case and a practical interest in the other—in the international situation after the termination of the General War of 1914–18.

The matter of historical interest was the question of prerogative referred to above. In the Western World, Great Britain excepted, the parliamentary national state was still, at this time, a young and precarious institution. It was not till the third quarter of the nineteenth century after Christ that it had superseded its predecessor, the autocratic dynastic state, as the generally accepted exemplar of what a Western state should be; and it was not till the termination of the General War of 1914–18 that its triumph over that predecessor was assured by the overthrow of the dynastic state in its last strongholds in Central and Eastern Europe. Nor, even then, was the world 'made safe for democracy', since, in certain Western countries where responsible parliamentary government was not an indigenous growth but an exotic import, it was superseded in turn, in its very hour of triumph, by a new-fangled autocracy which also appeared to be in the ascendant among non-Western peoples (like the Russians, the Turks, the Egyptians, and the Chinese) who were at that time in the throes of 'Westernization'. Thus the parliamentary national state was in most countries still an immature and tender plant; and perhaps the most striking evidence of its immaturity was the fact that even in Great Britain, the pioneer country in which the principles of responsible parliamentary government had originally been worked out by trial and error, the control of Parliament over foreign affairs was less continuous and less complete than in other departments.[1]

The character of the War, and the circumstances in which it had arisen, had made this constitutional anomaly notorious; but when,

[1] 'It is the only case in my recollection where the public have taken the conduct of Foreign Affairs out of the hands of the Foreign Office.'—Mr. Lloyd George in the House of Commons on the 4th March, 1926.

after the termination of the War, the first attempts to remove it were set on foot, they encountered the practical obstacle which was indicated by Sir Austen Chamberlain in the passages above quoted. The difficulty was, of course, that in foreign affairs (unlike home affairs) the constitutional relations between the nation (represented by Parliament) and the national Government (represented by the Ministers of the Crown) had to be co-ordinated with another set of relations between the nation (in this case represented by the Ministers of the Crown) and other nations (likewise represented by their national Executives). Moreover, international relations had not yet been placed securely on a juridical basis, but still remained partly in that 'state of nature'—historical in the relations between states, though mythical in the relations between individual human beings—in which the possibility of war was not excluded; and, so long as this possibility remained, Foreign Ministers not unnaturally demanded a 'free hand' for transacting such delicate and dangerous business, while it was equally natural that nations accustomed to control the actions of Ministers in home affairs should be loath to renounce control over a department of state which was literally concerned with matters of life and death. On the other hand, the transition from 'the state of nature' to 'the reign of law' in international affairs, which had been inaugurated (as it was hoped) by the foundation of the League of Nations, appeared, at the outset, not to diminish, but rather to accentuate the difficulty of reconciling the conflicting claims of 'democratic control' and 'the free hand', and striking a balance between the respective merits of 'open diplomacy' and 'diplomatic discretion'; for, in the measure in which the relations between Government and Government in the comity of nations were taking on a juridical character, it was becoming more difficult to reconcile the 'two allegiances'—between Government and Government in the League and between Government and Parliament in the internal constitution of each state member—to the coexistence of which Mr. Ramsay MacDonald had called attention on the 4th March.[1]

This difficulty, which was inherent in the problem of co-ordinating democratic government in the internal economy of states with the application of juridical principles in the international relations between one state and another, had received several illustrations since the League of Nations had been called into existence. The first and most sensational illustration had been the constitutional repudiation of President Wilson's policy at the Peace Conference of Paris—including his signature of the Versailles Treaty on which the

[1] See p. 37 above.

entry of the United States into the League depended—by the Senate at Washington. A less dramatic, but in itself more interesting, illustration was the difficulty of conducting British Empire foreign policy in matters of common interest to the seven parliaments of the seven self-governing states members of the British Commonwealth.[1] It was the same problem that was at the root of the controversy in Great Britain, which has been recorded above, over the negotiations concerning the entry of Germany into the League and the composition of the League Council.

(*g*) The Committee on the Composition of the Council

On the 20th March, 1926, an invitation was dispatched to the German Government to take part in the committee appointed by the Council on the 18th March. On the 18th the German Cabinet had unanimously approved the conduct of the German delegation at Geneva,[2] and on the 23rd they secured the approval of their policy by the Reichstag, after a two days' debate in the course of which a Nationalist motion of no confidence was rejected by 259 votes to 141.[3] The Government decided in principle on the 31st March to accept the invitation to serve on the committee,[4] but their formal acceptance was not dispatched until the 12th April. In the meantime the question of the extension of the Council was understood to have been raised at an interview between the German Ambassador in Paris, Herr von Hoesch, and Monsieur Briand on the 2nd April,[5] as a preliminary step to diplomatic conversations in London and Rome as well as Paris.[6] In their note of the 12th April[7] to the Secretary-General of the League, the German Government were careful to make it clear that since Germany was not a member of the League the position of the German delegate would be 'different from that of the representatives of the other participating Powers' and that his participation in the discussions of the committee could not 'prejudice the German Government's freedom of decision regarding Germany's entry into the League'.

There had at first been some doubt whether the Government of

[1] India should be regarded, for this purpose, as a self-governing state.
[2] *The Times*, 19th March, 1926.
[3] *Ibid.*, 23rd and 25th March; *The New York Times*, 24th March; the *Frankfurter Zeitung*, 23rd and 24th March, 1926. See further, p. 49 above.
[4] *The Times*, 1st April, 1926.
[5] *Le Temps*, 5th April, 1926.
[6] *The Times*, 7th April, 1926.
[7] Text printed as annex to the *Minutes of the First Session of the Committee on the Composition of the Council* (C. 299, M. 139, 1926, v).

the Argentine Republic (which had withdrawn from the Assembly in 1920, after that body had refused to act on the proposal of the Argentinian delegation that all sovereign states should be admitted to membership of the League)[1] would agree to serve on the Committee on the Composition of the Council, since the question of Argentina's relations with the League had not yet been decided by the Argentine Congress.[2] At the end of April, however, the Government accepted the Secretary-General's invitation, but at the same time declared that the Republic could not at present take part in the work of the Assembly.[3] China and Poland, being candidates for permanent seats, naturally desired to be represented on the committee, and Switzerland, the only other state mentioned in the Council's decision of the 18th March which was not a member of the Council, accepted the invitation at the beginning of April.[4] The fifteen states designated by the Council were therefore all represented when the committee opened its first session at Geneva on the 10th May, 1926.

Up to the 10th May only the Governments of Australia, Austria, Cuba, Jugoslavia, Norway, and Persia had acted on the suggestion contained in the Council's resolution of the 18th March and submitted observations in writing.[5] The Persian Government seized the opportunity to repeat a protest which their delegate had recorded at the Special Assembly in March regarding the neglect of the Assembly by the Council, and also to formulate a claim on their own behalf: 'If any permanent seats are created besides the one accorded to Germany, Persia will also demand a permanent seat, and she trusts that the Council and Assembly will do her justice in this matter.'

The committee therefore had to consider claims for permanent seats from five countries besides Germany—Brazil, Spain, Poland, China, and Persia—and the delegates of the first four had the opportunity of explaining their position once more to their colleagues on the committee. After Monsieur Motta (Switzerland) had been elected chairman, a general debate on the various aspects of the problem took place which lasted for the greater part of two days,

[1] *The Times*, 20th March, 1926.
[2] *The Times, loc. cit.*
[3] *Le Temps*, 29th April, 1926.
[4] *Ibid.*, 4th April, 1926.
[5] Notes from India and Siam were received after the close of the session. Texts of all the communications are printed as annexes to the *Minutes of the First Session of the Committee*. The Austrian Government submitted a long memorandum suggesting that the problem of the composition of the Council should be solved by the application of technical methods similar to those used in constituting the Government group on the Governing Body of the International Labour Office, by which states were classified according to their industrial importance, as determined by seven tests.

and from which it became clear that the committee was not likely either to propose any modification of the Covenant or to challenge the principle of unanimous decisions by the Council.[1] On the afternoon of the 11th May the committee adopted as a basis of discussion proposals put forward by Lord Cecil, the principal British delegate, regarding the number and method of election of the non-permanent members of the Council, by which the non-permanent members were to be increased from six to nine, three were to be elected each year, and retiring members were not to be re-eligible for three years unless a majority of the Assembly should decide to the contrary in the case of not more than three sitting members.[2] The purpose of this provision regarding re-eligibility was to make it possible for states like Spain and Brazil, which, generally speaking, could count on a majority of votes in the Assembly, to retain their seats indefinitely. Assuming that no change were made in the permanent members other than by the addition of Germany, the general result of these proposals would be to create a Council of fourteen members, five of whom would be permanent, three possibly 'semi-permanent' (that is, re-eligible at the end of their period of office), and the remaining six temporary and non-eligible for three years on their retirement. Thus the desired system of rotation would be introduced, and all the members of the League would have an opportunity in turn to serve on the Council.[3]

Lord Cecil's draft, after undergoing certain modifications, was adopted on a first reading by the committee at its eleventh meeting on the 17th May in the form of the following draft regulations:

> 1. The non-permanent Members of the Council shall be elected for a term of three years. They shall assume office immediately on their election. One-third of their number shall be elected each year.
>
> 2. A retiring Member may not be re-elected for three years commencing with the date of expiration of its mandate unless the Assembly shall so decide, either at that date or in the course of the three years, by a majority of two-thirds; the number of members thus re-elected shall not, however, exceed one-third of the total number of the non-permanent members of the Council.
>
> As a transitional measure the decision provided for in the preceding paragraph may at the elections of 1927 be taken not only with respect

[1] *The Times*, 18th May, 1926. For summaries of the discussion see *Le Temps*, 11th and 12th May, 1926.

[2] The text of Lord Cecil's original proposals, with subsequent additions, is printed as an annex to the *Minutes of the First Session of the Committee.*

[3] The expedient embodied in clause 2 had already been suggested in March (first, perhaps, in a letter from Professor C. K. Webster which had been published in *The Times* of the 1st March, 1926), but in the heat of the discussion the suggestion had failed to attract attention.

to the Members whose mandates expire at that time, but also with respect to those whose mandates expire in 1928 and 1929.

3. Notwithstanding the above provisions, the Assembly may at any time by a two-thirds majority decide to proceed, in application of Article 4 of the Covenant, to a new election of all the non-permanent Members of the Council. In this case the Assembly shall determine the rules applicable to the new election.

4. The non-permanent Members shall be increased to nine in number.

5. In order to bring the above system into operation there shall be elected nine Members as soon as possible in the next Assembly. Three of them shall be elected for a term of three years, three for two years, and three for one year.

The Spanish and Brazilian delegates, who throughout the discussions had maintained their claims to permanent seats, abstained from voting on the draft. Senhor Montarroyos, for Brazil, objected in particular to the provisions in Article 1 that the states elected to the Council should assume office immediately instead of from the 1st January following, as had hitherto been the custom,[1] on the ground that the proposal was 'unduly revolutionary'. The Chinese delegate, Mr. Chao-hsin Chu, made a reservation with regard to Article 2, considering that the specified two-thirds majority of the Assembly was too high; and the Polish delegate, Monsieur Sokal, also abstained from voting on this article on the ground that, in his opinion, the machinery proposed for dealing with the procedure of re-eligibility was inadequate. With regard to Article 4, Monsieur Sjöborg, the Swedish delegate, placed on record his opinion that 'no proposal concerning an increase in the number of non-permanent states could . . . be taken into consideration before the committee had decided that such a proposal would achieve unanimous agreement and would solve the crisis in all its aspects'. The proposed increase in the number of non-permanent seats was, however, accepted by the majority of the committee,[2] and even the German delegate, though he reserved his Government's right to arrive at a definite conclusion on the ultimate proposals and expressed the hope that the number of members would be kept as low as possible, declared that he would not oppose the general feeling of the committee on the matter.

With regard to permanent seats, it became clear in the course of the discussions that the majority of the committee was in favour of

[1] See the note on the history of the question of the date of the beginning of the non-permanent members' mandates, prepared by the Secretariat for the committee and printed as an annex to the *Minutes of the First Session*.

[2] The Chairman, Monsieur Motta, had indicated at a previous meeting that he was opposed to the addition of more than two non-permanent members.

the addition of Germany alone. Consideration of the claims made by Brazil, Spain, China, Persia, and Poland was, however, adjourned till a later session, and the draft regulations regarding non-permanent members were adopted subject to any modification which might be made on the second reading in consequence of the conclusions reached with regard to the number of permanent members.

At the twelfth and final meeting of the session, on the 17th May, the committee adopted a report to the Council which, in its own words, was 'confined to giving an account of the present position of the work'. The report stated that the committee had accepted the principle of an increase of the non-permanent members of the Council and had adopted at a first reading draft regulations regarding their number and method of election. The committee further expressed the view that the increased number of non-permanent seats would 'permit the Assembly to take account in more comprehensive and equitable measure of the principle of geographical distribution of seats, in accordance with the recommendations adopted by the third, fourth, fifth, and sixth Assemblies'. It also stated that it was 'unanimously favourable to an allocation of three of the non-permanent seats to Latin America and that adequate representation should be given to Asia', and placed it on record that 'the Chinese delegate strongly urged that at least two seats should be allotted to Asia and the other parts of the world outside America and Europe'.

The formulation of a concrete scheme marked an important advance towards a solution of the problem; and the presentation of this scheme in a report which was accepted by all but two of the interested parties was a considerable diplomatic achievement. The feature which distinguished the proceedings at Geneva on this occasion from those in March was their publicity; and the crucial moment in the history of the committee's work, and perhaps in the whole history of the problem, was the opening of the seventh meeting on the 13th May, when the committee decided to sit in public, with only two contrary votes. The arguments in favour of publicity put forward by Lord Cecil, which won the day, may be quoted here as they stand reported in the published minutes.[1]

> Viscount Cecil, referring to the arguments brought forward by M. de Brouckère and M. Fromageot against publicity, said that, while he did not in the least wish to underestimate the force of their arguments, he had never known a case, in all his experience of League meetings, in which private meetings had been of advantage.
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> Referring to the point raised by M. Fromageot, he said that,

[1] See the *Report on the Work of the First Session of the Committee* (League of Nations document C. 299. M. 139. 1926, v), pp. 55–6.

though feeling the greatest respect for M. Fromageot's views, he could not agree that delegates were more ready to withdraw opinions put forward in private than those expressed at a public meeting. If the opinion were a purely intellectual one, any delegate would be as ready to withdraw it in a public as in a private meeting. If it were a question of sentiment or deep feeling he would be unready to withdraw his statement at either meeting.

On the other hand, there was a certain restraint about the way in which opinions were expressed in public, and that restraint, in Lord Cecil's view, was an advantage, for moderation helped in reaching an agreement.

There could be no doubt that the League must depend on public opinion and on public opinion alone in reaching solutions of problems with which it had to deal. It was no longer true that international questions could be settled by individuals, however eminent or highly skilled, meeting in one room. The peoples themselves must support the views expressed by those individuals, and this could only be done by an appeal to public opinion.

Viscount Cecil was certain that, even though there were disadvantages attendant upon public meetings, the advantages were much greater, and that publicity was the only safe means for avoiding misconstruction and misunderstanding.

At the close of the session the Chairman of the Committee, Monsieur Motta, paid a retrospective tribute to the publicity of the discussions as one of two factors—the other being a spirit of comprehension and harmony—which had told in favour of the success of their work.

The committee fixed its next session provisionally for the 28th June, 1926, but, as Signor Scialoja pointed out at the closing meeting, if by that date no change had occurred in the situation, it would be useless for the committee to meet again; and it was agreed that the Council, or, if necessary, the chairman of the committee, should postpone the session to a later date if it seemed desirable to do so.

Since the general feeling was against an increase of permanent seats, it was clear that the proposals of the committee would only provide a solution of the crisis which had arisen in March if the states which had claimed permanent seats accepted the compromise offered them in the shape of semi-permanent seats. Although the Foreign Affairs Commission of the Polish Diet had at the end of March adopted with only one dissentient vote a motion insisting that Poland's claim to a permanent seat must be maintained,[1] the conciliatory spirit shown by the Polish delegate on the committee, Monsieur Sokal, had indicated that his Government might be prepared to take the way out offered by Lord Cecil's proposals. At the final meeting on the 17th May Lord Cecil paid tribute to the 'attitude of conciliation' adopted by Monsieur Sokal, adding his conviction

[1] *Le Temps*, 29th March, 1926.

'that neither the Polish representative nor his country had lost anything by that attitude'. Both the Chinese and the Persian Governments had filed their claims only for the contingency that other states besides Germany might be admitted to permanent seats; and the key to the situation therefore lay in the hands of Spain and Brazil. Señor de Palacios and Senhor Montarroyos, the Spanish and Brazilian delegates on the committee, had, however, made it abundantly clear that their Governments would not be content with anything less than permanent seats, and Senhor Montarroyos categorically stated to a Press representative at Geneva at the end of May that the attitude of Brazil 'remained without change'.[1]

It was reported that Spain did not intend to be represented at the meeting of the Council which was due to begin on the 7th June; but the Government (yielding apparently to the representations of a friendly Power)[2] finally decided to send, though merely as an observer, Señor Quer Boule, the Spanish *chargé d'affaires* at Berne, instead of their usual delegate, Señor Quiñones de León. When the meeting opened, the Brazilian delegate, Senhor de Mello Franco, did not attend, but his absence was explained to be due to indisposition. On the 8th June, the question of the composition of the Council was the subject of a long conversation between Monsieur Briand and Sir Austen Chamberlain, who apparently agreed that no action could be taken until Spain and Brazil had made known their definitive decisions, and that the second session of the Committee on the Composition of the Council had better be adjourned.[3] This view was confirmed by the other members of the Council at a private meeting on the 9th June, when it was agreed that the second session of the committee should be postponed indefinitely pending the result of diplomatic negotiations between the interested Powers.[4]

On the 10th June, Señor Quer Boule announced to the Council that his Government had decided to proceed with the ratification of the amendment to Article 4 of the Covenant adopted by the Assembly in 1921, which would make it possible for new procedure regarding the election of members of the Council to be adopted by a two-thirds majority of the Assembly. A similar decision on the part of the French Government had been announced during the session of the Committee on the Composition of the Council, and the French ratification had been deposited shortly afterwards.[5] Since the French and Spanish ratifications were the only necessary ratifications outstanding, it followed that the obstacle which had hitherto

[1] *Le Temps*, 1st June, 1926. [2] *Ibid.*, 10th June, 1926.
[3] *Le Temps, loc. cit.* [4] *Ibid.*, 11th June, 1926. [5] *Ibid.*, 21st May, 1926.

prevented the introduction of a system of rotation was now removed, and the Assembly could adopt the new procedure even though a minority of members were opposed to it. The terms of Señor Quer Boule's declaration, however, made it clear that his Government were only taking this course because they intended to carry out their threat of withdrawing from the League. The Spanish Government, said Señor Quer Boule,

> had not considered it possible up to the present to proceed to the ratification of the amendment to Article 4 of the Covenant. The Spanish Government thereby desired always to make it possible for it to be a member of the Council by means of successive re-elections up to the moment judged opportune for the nomination of Spain as a permanent member of the Council. . . . As the present situation excludes the possibility of the presence of Spain at an election, and as the reason which prevented the ratification by Spain of the amendment to Article 4 of the Covenant has thus been removed, my Government has decided to proceed with the ratification of this amendment.

This statement was only an indication of Spain's probable course of action, not a definite notice of withdrawal, and it was still possible that the Spanish Government might be induced to modify their attitude.

On the afternoon of the 10th June, the Council adopted the report of the Committee on the Composition of the Council, and decided that the Acting President of the Council should be authorized, if necessary, to postpone the next session of the committee, after consultation with its chairman. In the debate on the committee's report Signor Scialoja pointed out that in his view and that of many of his colleagues the maximum number of Council members should not exceed fourteen, so that if the permanent members were increased, the non-permanent members must be correspondingly decreased. Señor Quer Boule then made the statement that 'his Government was unable to accept a classification which would place Spain among the second rank of Powers. The attitude of Spain therefore had not undergone any change'. Thereupon the delegates of France, Great Britain, Belgium, Italy, Norway, Czechoslovakia, and Uruguay each in turn assured the Spanish delegate of the high value which they placed on the co-operation of Spain in the work of the League and expressed the hope that his statement did not mean that that co-operation was to cease. Señor Quer Boule could only reply that, in the absence of instructions from his Government, he 'could not give any additional explanations'.

If there remained some ambiguity in regard to the position of Spain, there was no uncertainty about the declaration made at this

same meeting of the Council by Senhor de Mello Franco, who had taken his seat on the previous day. After a long speech in which he once more analysed the motives which actuated the Brazilian Government, he declared that his Government had decided, when the Council set up a committee to study the question of its constitution, that they would not again accept a non-permanent seat, and that the announcement of their resignation of their seat had only been postponed until the last session of the Council before the Assembly in order not to impede the work of the Council. Statements made in the course of the deliberations of the Committee on the Composition of the Council had made it clear what the fate of Brazil's claim to a permanent seat would be; and the recent decision of the Council to adjourn the committee *sine die*, since it indicated that the question of permanent seats would not be examined further, amounted in fact to a rejection of the Brazilian claim. Senhor de Mello Franco thereupon handed to the Secretary-General a statement from his Government which recapitulated their case at length, and closed as follows:

> Since the present quarterly session of the Council is the last before the September Assembly, Brazil here and now vacates the non-permanent seat which she has occupied for the past seven years. It will remain for her, in accordance with the final paragraph of Article 1 of the Covenant, to notify the Secretariat in due course of her decision to abandon the honour of membership in the League. . . .

The other members of the Council showed themselves most reluctant to accept this decision as final. Sir Austen Chamberlain pointed out that 'no irreparable step has yet been taken' and Signor Scialoja, seconded by Monsieur Paul-Boncour and by Monsieur Beneš, seized on the possible loophole that only the Assembly was competent to accept the resignation of a member of the Council, and suggested that such a resignation, if accepted by the Council, might invalidate the proceedings of that body. On the 14th June, however, the Secretary-General of the League received from the Brazilian Minister for Foreign Affairs the preliminary notification of Brazil's withdrawal from the League,[1] which was accompanied by the announcement that his Government did not intend to be represented at the forthcoming Assembly. Early in July the Brazilian Government further decided to suppress their permanent delegation at Geneva;[2] and there was therefore no doubt of their intention to cease from any active participation in the work of the League, even though, under the

[1] Text of the telegram in *The Times*, 15th June, 1926.
[2] *Ibid.*, 12th July, 1926.

terms of Article 1 of the Covenant, their formal notification of withdrawal would not take effect for two years. However regrettable in itself the Brazilian decision might be, it had at least the advantage of removing the obstacle which had prevented the admission of Germany to the League of Nations in March. The Brazilian veto would not again be exercised; and even though Spain stood as firmly to her claim as Brazil had done, she had always declared that she would not prevent the admission of Germany to the Council, but would merely withdraw herself if her application was not successful.

The Spanish attitude had in the meantime been more clearly defined by the Foreign Minister, Señor Yanguas, in a statement to the Press with regard to the Government's reasons for the ratification of the amendment to Article 4.

> The Madrid Government [said Señor Yanguas] is firmly resolved not to present its candidature for a non-permanent seat at the next session of the Assembly in September. The moment has come when the League of Nations must decide either to accept or reject Spain's demand for a permanent seat. We have no more interest in elective seats, particularly in the form—not only temporary but revocable—proposed by the British Government.[1]

In a subsequent declaration Señor Yanguas explained that the Spanish Government had always maintained that the ideal composition of the Council would be on a basis of complete equality, all members alike being freely chosen by the Assembly, and that if this thesis should prove acceptable to the Assembly they would be only too glad to subscribe to it.[2] On the 30th July the Spanish Government sent a note to Monsieur Motta, as Chairman of the Committee on the Composition of the Council, asking him to fix a date for the second session of the committee, in view of the fact that the question of the number of permanent members and the consideration of the Spanish claim for a permanent seat had been referred to that session. By the middle of the month it had been decided that the committee should be summoned to meet again at Geneva on the 30th August, a few days before the opening of the Assembly.[3] It was obvious, indeed, that a solution could only be reached through diplomatic channels if Spain could be induced by these means to retreat from her position; and though the Government were understood to have expressed anxiety regarding the provision in Article 3 of the draft regulations for a general re-election of non-permanent members by the Assembly—which indicated that they were at least

[1] *Le Temps*, 12th June, 1926. [2] *Ibid.*, 9th July, 1926.
[3] *The Times*, 21st August, 1926.

considering the possibility of accepting a semi-permanent seat if greater security of tenure could be ensured—there was still nothing to show what Spain's final decision would be. On the contrary, the situation was further complicated by a public statement made by the Marquis de Estella on the 14th August in which he linked up the question of Spain's relations with the League of Nations with her claim, now for the first time explicitly put forward, for the incorporation of the international zone of Tangier in the Spanish zone in Morocco.[1]

The diplomatic conversations had, however, made it clear that Poland, the other principal candidate for a permanent seat, was not likely to prove intransigent. By the end of July, Poland had formulated a series of demands which showed that she was prepared, conditionally at all events, to content herself with a semi-permanent seat.[2] The Polish Government asked that the election of Council members should take place if possible on the same day as the admission of Germany (apparently in the fear that the presence of Germany on the Council might adversely affect the situation); that Poland should be one of the three candidates to be elected in 1926 for three years, in accordance with Article 5 of the regulations proposed by the Committee on the Composition of the Council; that a declaration of her re-eligibility should be made immediately and not postponed to a subsequent occasion; and that Article 3 of the proposed regulations—which provided that the Assembly might, by a two-thirds majority, proceed to a general election of all temporary members, notwithstanding the provisions regarding re-eligibility—should be abandoned.[3]

With regard to the attitude of Germany, it was generally understood that while the Government would in no case agree to the admission of another state to the Council on an equal footing with Germany, they would not object to the compromise proposed by the Committee on the Composition of the Council in May.[4] Towards the end of August, Monsieur Fromageot, the legal expert of the French Ministry for Foreign Affairs, visited London and Berlin and had conversations with Sir Cecil Hurst and Dr. Gaus, the British and German legal experts respectively, and it was understood that

[1] See *Survey for 1925*, vol. i, p. 163. The history of the Tangier zone will be taken up again in a future volume.

[2] See, however, *Le Temps*, 8th August, 1926, for a statement communicated by a Polish Press Agency to the effect that the Polish claim to a permanent seat was still maintained.

[3] *The Times*, 28th July, 1926.

[4] See the *Frankfurter Zeitung*, 17th August, 1926; *The Times*, 21st August, 1926.

possible modifications in the scheme proposed in May were discussed, in order to prepare the ground for the second session of the Committee on the Composition of the Council, and to explore the possibility of finding some formula which might satisfy Spain as well as the other Powers concerned.[1] In particular, the experts appear to have discussed the provision in Article 3 of the proposed regulations by which the Assembly might proceed to a new election of all the non-permanent members whether they had been declared re-eligible or not. Poland, as has been mentioned, had already demanded the abandonment of this clause, which, it was felt, was inconsistent with the rest of the scheme, and would greatly decrease the 'semi-permanent' members' security of tenure,[2] and the Spanish Government were also understood to have raised objections to this provision. The result of these discussions between the jurists (which were followed on the 26th August by a series of interviews between Monsieur Briand and the Spanish and German Ambassadors, the British *chargé d'affaires*, and Monsieur Zaleski, the Polish Foreign Minister)[3] was that Monsieur Fromageot, who represented France at the second session of the Committee on the Composition of the Council, went prepared with a series of amendments to the draft regulations which were designed to meet the objections that had been raised in the interval between the two sessions.

When the committee met on the 30th August, with fourteen instead of fifteen states represented (the Brazilian Government had notified its decision not to send a delegate), it proceeded immediately to consider the French amendments. Monsieur Fromageot proposed the omission of the provision in Article 3 regarding the Assembly's right to hold a new election of all the non-permanent members and the addition of a clause by which a state might be declared re-eligible either at the time of its original election, by a simple indication on the ballot-paper on the part of a majority of those voting, or during or on the expiration of its three years' term of office if the Assembly should so decide. His proposals were, however, criticized by several of the delegates. The Swedish delegate, Monsieur Sjöborg, held that

[1] *The Times*, 26th August, 1926; the *Frankfurter Zeitung*, 26th August, 1926.

[2] *The Times*, 27th August, 1926. The clause in question had not formed part of Lord Cecil's original draft, but had been added at the suggestion of the Belgian delegate on the Committee, Monsieur de Brouckère.

[3] *The Times*, 28th August, 1926. During his visit to Paris Monsieur Zaleski made a statement to the Press in which he explained that his Government still claimed a permanent seat, but that, in order not to create difficulties, they would be willing to accept a semi-permanent seat (*Le Temps*, 30th August, 1926).

there was no need to consider re-election for a second period until the first period had expired; and the Italian and Belgian delegates, Signor Scialoja and Monsieur de Brouckère (whose Governments had not been consulted in drafting the amendments), united in finding Monsieur Fromageot's provisions regarding re-eligibility unintelligible.[1] The proposals were therefore referred to a sub-committee, which on the 31st August succeeded in agreeing on a new draft, and this was adopted by the committee on the 1st September.

The text of the regulations finally ran as follows:

Article 1. The non-permanent Members of the Council shall be increased to nine in number.

Article 2. The non-permanent Members of the Council shall be elected for a term of three years. They shall assume office immediately upon election. One-third of the number of the Members shall be elected each year.

Article 3. A retiring Member may not be re-elected within a period of three years commencing with the date of expiration of its mandate unless the Assembly shall so decide, either at that date or in the course of three years, by a majority of two-thirds; the number of Members thus re-elected shall not, however, exceed one-third of the total number of non-permanent Members of the Council.

Article 4. *Temporary Provisions.* 1. In 1926, the nine non-permanent Members of the Council shall be elected by the Assembly, three for a period of three years, three for a period of two years, and three for a period of one year.

2. Of the nine Members thus elected in 1926, a maximum of three may be immediately declared 're-eligible' by a decision of the Assembly taken upon a special vote and adopted by a majority of two-thirds of the number of voters.

3. Any qualification of 're-eligibility' recognized in advance in 1926 in the case of one, two, or three Members elected then shall not affect the right of the Assembly to have recourse in 1927 and 1928 to the option provided in Article 3 for the benefit of other non-permanent Members retiring from the Council in those years. It is, however, understood that, if three Members are already qualified for re-election in 1926, the Assembly shall only make use of its right in very exceptional cases.

The Spanish representative, Señor de Palacios, abstained from voting on the draft. Signor Scialoja only accepted the clause raising the number of non-permanent members to nine on the express condition that the total membership of the Council should in no case exceed fourteen; and reservations were also made by the Polish delegate regarding paragraph 3 of Article 4 and by the Swedish and Argentinian delegates on points of principle.

[1] See the *Minutes of the Second Session of the Committee on the Composition of the Council* (C. 597, M. 234, 1926, vii). See also *The Times*, 31st August and 1st September, 1926.

Having adopted these regulations the committee then proceeded to a formal discussion of the question of an increase in the number of permanent members. The Spanish delegate restated his Government's claim and asked the committee to take a decision on it, and a debate followed in which only Mr. Chao-hsin Chu, on behalf of China, showed himself ready to support Spain. Mr. Chu at the same time reserved his right to put forward the Chinese claim to a permanent seat whenever a suitable opportunity offered. Monsieur Sokal, for Poland, admitted the justice of the Spanish claim and stated that Poland also maintained her claim, but he declared that he was willing to 'refrain from opposing a solution which might solve the present crisis'. The statements of the other delegates showed that, 'notwithstanding the anxiety of their Governments to give the greatest consideration to the claims and interests of Spain, they could not submit to the Council any proposal which would involve creating any fresh permanent seats apart from the seat which the committee unanimously recognized should be occupied by Germany. The committee therefore greatly regretted that it could not recommend the Council to comply with the Spanish request'.[1]

At its sixth meeting, on the 3rd September, the committee adopted its report to the Council and a resolution proposed by Lord Cecil which was intended to place on record the efforts made by the committee to meet the Spanish claim. This resolution ran as follows:

> The members of the Committee entrusted with the examination of the question of the composition of the Council, before separating, desire to ask their Spanish colleague to transmit to his Government their earnest hope that it will give favourable consideration to the efforts which they have made to meet to the fullest extent possible in the circumstances the wishes of the Spanish Government.
>
> They have recommended the creation of re-eligible seats in the Council which will enable their holders to remain Members of the Council for an indefinite time limited only by their ability to retain the confidence of their fellow-members in the League of Nations. In order to give to these seats dignity and security, they have provided that nomination to them shall be made not as part of the election of non-permanent members but by a special vote of the Assembly. To prevent the occurrence of any interval during which the countries with a just claim to such seats might be uncertain of their position, they have arranged that the first nomination to them shall take place immediately after the election of 1926. To avoid any impression of insecurity in the tenure of these seats, the Committee have withdrawn their proposal as to the power of the Assembly to order a general re-election of all the non-

[1] Report of the Committee to the Council (printed in the *Minutes of the Second Session of the Committee*).

permanent seats in the Council, a point on which the Spanish Government was understood to have expressed anxiety.

The Committee venture to think that these provisions show that the unanimous expressions of goodwill to Spain uttered by its members are no empty words, but are irrefutable evidence of their desire to respond to Spanish wishes within the limits of what they conceive to be their duty to the organization in which Spain has so far borne such a conspicuous and honourable part.

In declaring the task of the committee at an end, the chairman, Monsieur Motta, pointed out that while the results achieved were not perfect, but only represented 'a compromise which adhered as closely as possible to the reality', it was at least possible to say 'that the admission of Germany into the League of Nations with a permanent seat on the Council would give rise to no further difficulty . . . and that China and Poland would adapt themselves, as the statements of their representatives made clear, to the compromise reached during the discussions of the committee'. From that point of view, therefore, 'the crisis of March would appear to be at an end'.

(*h*) The Seventh Session of the Assembly, 6th–25th September, 1926.

Before the Committee on the Composition of the Council had completed its second session, the Council had met, on the 2nd September, for its forty-first session. At the opening meeting neither Brazil nor Spain was represented, and the Secretary-General reported that he had been in touch with the Spanish representative, Señor de Palacios, who had indicated that he was not competent to attend the meeting. In the course of the day Sir Austen Chamberlain and Monsieur Briand dispatched to the Marquis de Estella the following telegram:

At the moment when the Council of the League of Nations is meeting for a particularly important session, will your Excellency allow us once more to urge in the most cordial and pressing manner that Spain's seat at the Council be not left vacant, and that the Spanish Government continue to lend to the meetings at Geneva the valued support of its high authority?[1]

In his reply, dated the 4th September, the Marquis de Estella declared that:

My personal inclination would lead me to agree immediately to the suggestion if it were not my duty to watch over the prestige of this ancient, glorious, and well-beloved Spain which has been relegated to a position inferior to that which it merits and must take a dignified refuge in a proud abstention. I am convinced that our decision will not

[1] *The Times*, 6th September, 1926.

compromise any interest or principle of the League of Nations, for the prosperity of which Spain, her laws, and her Government entertain the most cordial wishes.[1]

Neither Spain nor Brazil[2] sent delegates to the Assembly, which opened on the 6th September, nor was a German delegation present in Geneva for the first few days of the session, the German Government having decided on this occasion to await the notification that Germany had been elected a member of the League and appointed a member of the Council before dispatching their representatives to take their seats. On the 4th September the Council approved the report of the Committee on the Composition of the Council, and after a long discussion, in private, of the procedure to be adopted, decided to ask the Assembly to deal immediately and simultaneously with Germany's admission to the League and her election as a permanent member of the Council and with the increase in the number of non-permanent seats from six to nine. The method proposed for the election of the non-permanent members would be dealt with subsequently.[3]

Since the examination of Germany's application for membership had been carried out at the Special Assembly in March, and her admission had then been unanimously recommended by the First Committee, there was no reason why she should not be declared a member immediately the Assembly met. At the afternoon session on the 6th September, the President of the Assembly proposed that the resolution of the Council dealing with the admission of Germany, her election to a permanent seat on the Council, and the increase in the number of non-permanent seats should be referred at once for immediate consideration to the General Committee of the Assembly (that is, the six vice-presidents and the six chairmen of Assembly Committees) instead of being passed to a committee for examination.[4] Dr. Nansen protested against the rapidity with which the resolutions were put to the Assembly and adopted, and his intervention was taken as an indication that some of the smaller states, particularly Norway and Sweden, did not wish to let a proposal to enlarge the Council pass without protest.[5] There was in fact evidence that several of the delegates to the Assembly were discontented with the plan proposed by the Committee on the Composition of the Council, arguing

[1] *The Times, loc. cit.*

[2] Towards the end of September, when the new Council had been formed, invitations were sent to all the retiring members to continue to serve on the Preparatory Commission for the Disarmament Conference. Spain accepted this invitation, but Brazil refused.

[3] *The Times*, 6th September, 1926.

[4] *Ibid.*, 7th September, 1926.

[5] *The Times, loc. cit.*

that a Council of fourteen members was too large for practical purposes; that in raising the number of seats in an attempt to satisfy Spain, Brazil, and Poland, the League was to a certain extent yielding to blackmail and creating a bad precedent; and finally that the original object of the change no longer existed, since Spain and Brazil had withdrawn their candidatures.[1] On the 7th September, the General Committee of the Assembly decided that on the following day the Assembly should be asked to vote first on the question of Germany's admission, and then on a combined resolution, approving the allocation of a permanent seat on the Council to Germany and the addition of three non-permanent members. This would mean that any state which voted against the increase of non-permanent members would also be voting against the admission of Germany to the Council. The Assembly might, by a two-thirds majority, reject the procedure proposed and refer the second resolution to a committee for revision, but in this case Germany, though a member of the League, would have no seat on the Council until the whole problem had been considered afresh.[2] On the 8th September the position was explained to the Assembly by Monsieur Motta, as Rapporteur for the General Committee, and after strong protests had been recorded by Jonkheer Loudon (Holland), Dr. Nansen (Norway), and Monsieur Lofgren (Sweden) against the procedure of taking the question of Germany's seat on the Council together with that of the non-permanent members, the two resolutions were put to the vote. Both were adopted unanimously, and the announcement by Monsieur Ninčić, the President of the Assembly, that 'Germany is admitted to the League of Nations by a unanimous decision of the Assembly' was greeted with prolonged applause. The proposals of the Committee on the Composition of the Council regarding the method of election and tenure of the non-permanent seats were referred to the First Committee of the Assembly for consideration.

A telegram was immediately dispatched to Berlin announcing the admission of Germany to the League and her election to a permanent seat on the Council, and Herr Stresemann and two other accredited delegates left for Geneva on the evening of the 8th.[3] On the morning of the 10th September the German delegates took their seats in the Assembly.[4]

The occasion was made an opportunity for a remarkable scene

[1] See *The Times*, 8th September, 1926.
[2] *Ibid.*, 9th September, 1926.
[3] *The Times, loc. cit.*
[4] For descriptions of the scene see *The Times*, *Le Temps*, and the *Frankfurter Zeitung*, 11th September, 1926.

which emphasized the importance of the result at last attained, and gave expression to the emotions which it had awakened. The speeches of Dr. Stresemann and Monsieur Briand before the representatives of forty-eight nations and the densely crowded galleries of the *Salle de la Réformation* were conceived in terms which satisfied the expectation of their audience. The former spoke in German and made his impression by his earnestness and directness rather than by his eloquence. But Monsieur Briand spoke with a truly Gallic fervour which raised the enthusiasm of the audience to a very high pitch. All felt that they were assisting at an historic episode. Not all France and Germany were represented by the two speakers, but the solemn and public reconciliation between two ancient foes was felt to be an event of the highest importance. At the close of Monsieur Briand's speech there was a demonstration so prolonged and universal that it was felt that the usual translation could not be suffered to disturb the deep impression that remained.

On the 11th September the Secretary-General received from the Spanish Government their preliminary notification of withdrawal from the League, which had been dispatched on the 8th, immediately after the news of Germany's admission reached Madrid. The Spanish note ran as follows:

> The Government of his Catholic Majesty, making use of the faculty which Paragraph 3 of Article 1 of the Covenant of the League conferred on it, regrets to have to inform your Excellency that it considers the two-years' notice stipulated in the article in question for resignation from the League to have begun for Spain in her quality of member from the date of the receipt of this document.
>
> The Spanish Government did not wish to address this communication until the Assembly, on the proposal of the Council, and in conformity with the recommendations of the Commission of Study, had approved the reform of the composition of the Council in so far as it relates to the permanent seats. In acting thus it wished to show its respect to the League of Nations and to behave correctly with regard to all its members. It desired, moreover, in adopting this procedure, to wait until the Assembly had pronounced Germany's admittance, an event the consequences of which Spain ardently hopes may have the most happy consequences.
>
> Spain is convinced that her position does not compromise any essential interests or any principle of the League of Nations, for the prosperity of which Spain, her King, and her Government express warm wishes.
>
> The Spanish Government is happy to seize the opportunity which this communiqué provides to express with profound emotion its gratitude to all the friendly States whose representatives have lavished words of praise on Spain for the work accomplished by her in the different organizations of the League of Nations, and words of high esteem and

affection for our country, of which we shall always retain an inextinguishable memory.

At the moment of leaving the League of Nations, in obedience to an imperative duty, Spain wishes once again to formulate a last wish that the League's ideals of universal peace, the aims for which the League of Nations has been created and in the service of which our country has worked with so much zeal and success, may be completely realized.

The rules for the election of the non-permanent members of the Council were referred for consideration by the First Committee to a special sub-committee, and by the 14th September an amended draft had been agreed upon. The only important change was the re-establishment of the right of the Assembly to proceed at any time to an election of all the non-permanent members. An amendment to this effect was adopted on the proposal of the Norwegian delegate. A feature of the discussion was the demand, put forward by the Persian delegate and supported by the Chinese delegate, that two of the non-permanent seats should be given to Asiatic members. As was pointed out by Lord Cecil, this would mean that the five Asiatic states represented on the League would hold three out of the fourteen seats on the Council, since Japan was already a permanent member, and such a high proportion of seats could not be considered fair to states from other parts of the world.[1] The regulations relating to the election, term of office, and conditions of re-eligibility of the nine non-permanent members of the Council, as they were finally adopted by the Assembly on the 15th September, were as follows:

Article I. The Assembly shall each year, in the course of its ordinary session, elect three non-permanent Members of the Council. They shall be elected for a term commencing immediately on their election and ending on the day of the elections held three years later by the Assembly.

Should a non-permanent Member cease to belong to the Council before its term of office expires, its seat shall be filled by a by-election held separately at the session following the occurrence of the vacancy. The term of office of the Member so elected shall end at the date at which the term of office of the Member whose place it takes would have expired.

Article II. A retiring Member may not be re-elected during the period between the expiration of its term of office and the third election in ordinary session held thereafter, unless the Assembly, either on the expiration of the Member's term of office or in the course of the said period of three years, shall, by a majority of two-thirds of the votes cast, previously have decided that such Member is re-eligible.

The Assembly shall pronounce separately, by secret ballot, upon each request for re-eligibility. The number of votes cast shall be determined

[1] See *The Times*, 15th September, 1926.

by the total number of voting tickets deposited, deducting blank or spoilt votes.

The Assembly may not decide upon the re-eligibility of a Member except upon a request in writing made by the Member itself. The request must be handed to the President of the Assembly not later than the day before the date fixed for the election; it shall be submitted to the Assembly, which shall pronounce upon it without referring it to a committee and without debate.

The number of Members re-elected in consequence of having been previously declared re-eligible shall be restricted so as to prevent the Council from containing at the same time more than three Members thus elected. If the result of the ballot infringes this restriction to three Members, those of the Members affected which have received the smallest number of votes shall not be considered to have been elected.

Article III. Notwithstanding the above provisions, the Assembly may at any time by a two-thirds majority decide to proceed, in application of Article 4 of the Covenant, to a new election of all the non-permanent Members of the Council. In this case the Assembly shall determine the rules applicable to the new election.

Article IV. *Temporary Provisions.* 1. In 1926 the nine non-permanent Members of the Council shall be elected by the Assembly, three for a term of three years, three for a term of two years, and three for a term of one year. The procedure of the election shall be determined by the General Committee of the Assembly.

2. Of the nine Members thus elected in 1926, a maximum of three may be immediately declared re-eligible by a decision of the Assembly taken by a special vote by secret ballot, a separate ballot being held for each Member, and adopted by a majority of two-thirds of the number of votes cast. Immediately after the announcement of the results of the election, the Assembly shall decide upon the requests for re-eligibility which have been presented. Should the Assembly have before it more than three requests for re-eligibility, the three candidates having received the largest number of votes, in excess of two-thirds of the votes cast, shall alone be declared re-eligible.

3. The according in advance in 1926 to one, two or three Members elected at that date of the quality of re-eligibility shall not affect the Assembly's right to exercise the power given by Article II in the years 1927 and 1928 in favour of other non-permanent Members retiring from the Council in those years. It is, however, understood that, if three Members already possess the quality of re-eligibility, the Assembly will only exercise this power in very exceptional cases.

The election of the non-permanent members took place on the following day, the 16th September. Seventeen members received votes—Colombia, Chile, Salvador and Uruguay from the Latin-American states, China, Persia and Siam from Asia, Belgium, Portugal, Holland, Rumania, Czechoslovakia, Poland, Denmark and Estonia from Europe, and two British Dominions, Canada and the Irish Free State. The countries elected were Poland, Rumania and

Chile for three years; Holland, Colombia and China for two years; Belgium, Salvador and Czechoslovakia [1] for one year. In accordance with the new rules of procedure, as soon as the election was completed a fresh ballot was held to decide whether any of the nine members should be designated in advance as re-eligible for a second term of office. Poland was the only candidate, and easily obtained the necessary two-thirds majority. The effect of this vote was in practice only to make it possible for Poland to stand for re-election in three years' time; and it did not ensure that she would be re-elected. The arrangement did, however, give the Poles some satisfaction in return for their abandonment of their claim to a permanent seat; but at the same time it seems to have been resented by certain delegates, who objected to any one state being singled out for distinction in this way.[2]

In the meantime, the entry of Germany into the League had enabled effect to be given to the treaties concluded at Locarno, in accordance with the terms of Article 10 of the Treaty of Mutual Guarantee. The ceremony of the exchange of ratifications between the seven states signatories of the Locarno treaties took place in the Secretariat of the League of Nations on the 14th September, and therewith the treaties came into force.[3] On the 25th September the Assembly discussed the report of the Third Committee on the progress in general security brought about by the conclusion of conventions and treaties, and adopted the following resolution:

> The Assembly:
>
> Having examined the reports of the Council on Arbitration, Security and the Pacific Settlement of International Disputes;
>
> Records the fact that the resolution adopted by the Assembly at its sixth ordinary session to the effect that the most urgent need of the present time is the re-establishment of mutual confidence between nations has had definite results. It sees clear proof of this in the ever-increasing number of arbitration conventions and treaties of security conceived in the spirit of the Covenant of the League of Nations and in harmony with the principles of the Geneva Protocol (Arbitration, Security and Disarmament). It emphasizes in particular the importance of the Treaties of Locarno, the coming into force of which has been rendered possible by the admission of Germany into the League of Nations and the principal object of which is to ensure peace in one of the most sensitive regions of Europe;

[1] It had been intended that the Little Entente should be represented on the Council by Rumania instead of and not as well as Czechoslovakia, but only eight states obtained absolute majorities on the first ballot, and on a second ballot Czechoslovakia was elected to one of the one-year seats.

[2] See *The Times*, 17th September, 1926.

[3] *Ibid.*, 15th September, 1926.

Sees in the last-mentioned Treaties a definite step forward in the establishment of mutual confidence between nations;

Considers that agreements of this kind need not necessarily be restricted to a limited area, but may be applied to different parts of the world;

Asserts its conviction that the general ideas embodied in the clauses of the Treaties of Locarno, whereby provision is made for conciliation and arbitration and for security by the mutual guaranteeing of States against any unprovoked aggression, may well be accepted amongst the fundamental rules which should govern the foreign policy of every civilized nation;

Expresses the hope that these principles will be recognized by all States and will be put into practice as soon as possible by all States in whose interest it is to contract such treaties;

And requests the Council to recommend the States Members of the League of Nations to put into practice the above-mentioned principles and to offer, if necessary, its good offices for the conclusion of suitable agreements likely to establish confidence and security, the indispensable conditions of the maintenance of international peace and, as a result, to facilitate the reduction and limitation of the armaments of all States.

Note on the Question of Unpaid Contributions to the League of Nations

The Fourth Committee of the Seventh Assembly in September 1926 appointed a sub-committee to consider the question of contributions in arrears. The sub-committee found that six states[1] were in arrears with regard to their contributions up to the 31st December, 1925, as follows:[2]

	gold francs.
Bolivia	337,037·63
China	4,667,881·94
Honduras	129,930·62
Nicaragua	129,930·62
Panama	22,478·71
Peru	1,186,587·86

Of these states, Honduras and Nicaragua had never paid any contributions, and Peru had paid nothing since 1923, when she had paid a sum on account of the year 1920. Panama was in arrears only for the financial year 1925. Bolivia had paid, in two instalments, sums representing about 20 per cent. of her total debt, and had promised further payments. Honduras and Peru had merely acknowledged receipt of the successive requests for payment sent to them by the Secretariat. The Nicaraguan delegate at the Seventh Assembly declared that his country was anxious to pay the sums due in full, but that no payment could be promised for an indefinite period owing to political disturbances. As for China, whose debt was far the largest, part of the contribution due for 1922 had been

[1] Costa Rica had been in arrears from 1921 to 1924, but had forwarded a cheque for $18,567·87 in settlement on the 24th December, 1924, when she gave her preliminary notification of withdrawal from the League.

[2] *Le Temps*, 25th September, 1926.

paid, but nothing had been received in respect of the years 1923–5.[1] The Chinese delegates to the Seventh Assembly pointed out that the sum of 103,635·31 gold francs had been paid on account of the current year, and that the arrears would have been paid in full had the reform of the Chinese customs been approved by the Powers and put into force.[2]

On the 25th September, 1926, the Seventh Assembly adopted the following resolution:

The Assembly,

(1) Authorizes the Secretary-General, as the result of previous negotiations, to write off from the accounts of the League the sum of 22,478·71 gold francs due from Panama for the financial year 1925;

(2) Requests the Secretary-General:

(*a*) To give his support, when necessary, to any steps which he may consider useful with a view to the recovery of arrears;

(*b*) To submit to the Council at its session of June 1927 a detailed report on the position with regard to contributions in arrears;

(3) Requests China to propose effective and concrete methods, acceptable to the League of Nations, with a view to the payment of her contributions in arrears;

(4) Requests the Council to cause a study to be made of the legal position of States which do not pay their contributions to the League of Nations, with a view to giving the Assembly information on the matter at its eighth ordinary session.

In the middle of December, the Peking Government submitted new proposals for the payment of China's arrears and current contribution, suggesting an increase of ½ per cent. on the tariff for this purpose—the increase to be effective for one year and to come into force immediately after the expiration of the existing extra tariff imposed for famine relief. The Peking Foreign Office had, it was stated, addressed a note to the Diplomatic Body at Peking asking for approval of this scheme.[3]

In the meantime the Council, on the 7th December, 1926, had asked the Secretary-General to submit a preliminary confidential report on the legal position of states which did not pay their contributions, in order that the Assembly in future sessions might be able to deal more effectively with the problem.

In a report[4] submitted to the Council on the 9th March, 1927, the Secretary-General pointed out that the financial obligations resting upon states in consequence of their membership of the League arose under Article 6, paragraph 5 of the Covenant, which ran as follows:[5] 'The expenses of the League shall be borne by the Members of the League in the proportion decided by the Assembly.' No special sanction for failure to pay contributions was imposed by the Covenant, but the last paragraph of Article 16

[1] Statement by Mr. G. Locker-Lampson in the House of Commons on the 8th December, 1926.

[2] *Le Temps, loc. cit.*

[3] *The Times*, 22nd December, 1926.

[4] Text in *League of Nations Official Journal*, April 1927, pp. 505–7.

[5] Text as amended on the 13th August, 1924. The paragraph originally read: 'The expenses of the Secretariat shall be borne by the Members of the League in accordance with the apportionment of the expenses of the International Bureau of the Universal Postal Union.'

provided that any member who had 'violated any Covenant of the League' might be expelled from the League by a unanimous vote of the Council.

The legal position of members of the League whose contributions were in arrears had already been considered in 1921 by a legal sub-committee of the Committee on Amendments to the Covenant (to which committee the question had been referred in accordance with an Assembly resolution of the 17th December, 1920). The sub-committee considered that it could be maintained that the last paragraph of Article 16 of the Covenant applied to states which failed to pay their contributions, but that it would be preferable, at least for the time being, not to take action under the provisions in question. The sub-committee did not indicate any legal consequences of failure to pay contributions other than the application of Article 16, but discussed the possibility of charging interest on payments in arrears. This last proposal was considered, but rejected, by the Fourth Committee of the Assembly in 1922.

The Secretary-General expressed the opinion that the financial obligation assumed by members under Article 6 was undoubtedly one of the 'Covenants of the League' to which Article 16 applied, but concluded that the expulsion of a state on account of arrears of contribution was hardly likely to be contemplated by the Assembly or the Council 'unless the default were so continued and wilful as to indicate a deliberate violation of the financial obligations imposed by the Covenant'. The Secretary-General added that, apart from the theoretical possibility of the application of Article 16, it appeared certain that 'the strictly legal rights (including, for example, the right to vote at the Assembly and eligibility for membership of the Council) which a state derived from membership cannot suffer any diminution as the result of default in payment of contributions'.

On the 9th March, the Council decided to communicate the Secretary-General's memorandum to the next Assembly. Monsieur Titulescu, the Rapporteur, gave it as his opinion that the obligation to pay contributions fell under the sanction provided for in Article 16, since 'execution of the obligation of assistance for which the Covenant provides could not be assured if the institution through which this obligation is realized should find itself placed, owing to non-payment of contributions, in a difficult situation in regard to carrying out its functions'. On the other hand 'the obligation to pay contributions is not one of those the mere non-execution of which could lead automatically to expulsion from the League. The failure in payment would have to be accompanied by circumstances of fact of a character to show the intention not to carry out the obligations arising from the Covenant.' The Council concurred in Monsieur Titulescu's conclusions.

(ii) The United States and the Permanent Court of International Justice.

On the 27th January, 1926, the Senate of the United States adopted by seventy-one votes to seventeen a resolution consenting to and advising, under certain reservations and understandings, adherence on the part of the United States to the Protocol of Signature of the Statute of the Permanent Court of International Justice as provided

for by Article 14 of the Covenant of the League of Nations. After the communication of this resolution to the Council of the League, action was taken by the Council with a view to considering the situation, a conference of the states signatory to the Protocol was convened, and a Final Act defining their attitude towards the American reservations was adopted. On the 11th November of the same year, President Coolidge, in an address delivered at Kansas City, declared that there was no likelihood of the Senate accommodating itself to the attitude of the Powers, that it was not his intention to ask the Senate to modify its position, and that unless the conditions laid down in the resolution of the Senate were fulfilled there was no prospect of the United States adhering to the Court. This speech announced the arrest of a movement which had been hailed by many people, both in the United States and in other parts of the world, as a deliberate break with a persistent policy of aloofness and isolation. Many enthusiastic hopes were shattered, and the policy of cooperation suffered a set-back. But in the months preceding and following the resolution of the Senate the question of American adherence to the Permanent Court constituted an important item in the political calendar of the world. By illustrating, perhaps more lucidly than any other contemporaneous event, the relations between the League of Nations and the states which placed themselves outside that intended organization of all nations, it acquired a significance going far beyond the problem directly at issue.

There has, so far, been no occasion to deal in these volumes either with the general aspect of the attitude adopted by the United States to the League of Nations, or with the relation of the United States to international arbitration. But a proper understanding of these two questions is important for the right appraisal of the subject dealt with in this section, and it is therefore necessary to devote to them a few introductory remarks.

The historian of the post-War period will probably experience no doubts in reaching the conclusion that in the years following the establishment of the League of Nations the attitude not only of the ruling party but also of the majority of the people of the United States towards the League was a distinctly negative one. The opinion was prevalent in the United States that the League was regional (i.e. European) in its essence, and that it was the embodiment of those very alliances and foreign entanglements which it had always been the avowed object of American policy to avoid. It was looked upon as a military and political alliance set up by the victors in the late War for the purpose of perpetuating a state of affairs of questionable

value. To the minds of those who were attempting to take a wider view, the League stood for an organization involving coercion of sovereign states, and as such, diametrically opposed to what were construed as fundamental American principles of government. The Treaty of Versailles was refused ratification mainly on account of its connexion with the Covenant of the League. Since then, the antagonism to the League had in many respects acquired the rigidity of a principle of national policy, the widespread acceptance of which was emphasized rather than weakened by the pro-League attitude of the vast majority of academic circles and a great number of religious and peace organizations. And although it had not proved practicable to keep aloof from certain aspects of the League's administrative and humanitarian work, the Administration and the preponderant part of public opinion were not inclined to sanction any act of international importance likely to bring the United States into organic connexion with the League. On the contrary, the Administration was disposed rapidly to recoil from any step which in the light of experience might have proved to imply such a connexion.

The second difficulty arose from the attitude of the United States towards international arbitration. Among the numerous catchwords which were so rife in the field of international law and international politics, one frequently encountered was that the United States had long been the leading Power in the promotion of the judicial settlement of international disputes. This was, to a large extent, true so far as the nineteenth century was concerned. The initiative of John Jay, a great American statesman, lay at the bottom of the Mixed Commissions established under the treaty of 1794 for the settlement of a series of outstanding questions with Great Britain. It was commonly agreed that this treaty, which bore Jay's name, marked the advent of modern arbitration as a judicial means of settling international disputes. In this movement, the part taken by the United States was subsequently a very conspicuous one. According to La Fontaine, in the period between 1794 and 1900 the United States participated in fifty-six arbitrations (Great Britain arbitrated on seventy and France on twenty-six occasions).[1] Even more impressive were the solemn and repeated declarations by American statesmen and by both Houses of Congress in support of the idea of pacific settlement of international disputes. At the First Hague Conference in 1899 the establishment of the Permanent Court of Arbitration was due mainly to the joint efforts and to the practical sense of the American and British delegations. The instructions then given

[1] *Pasicrisie Internationale* (1902), p. ix.

to the American delegates and signed by Secretary Hay bear eloquent testimony to this attitude of the United States.[1] No less active was the part played in this connexion by the United States at the Second Hague Conference in 1907. In the movement towards developing the machinery of international arbitration from casual and *ad hoc* tribunals to a true international Court of Justice with a permanent body of judges and a well defined constitution and procedure, the efforts of American jurists and statesmen were both persistent and effective. Even the official non-participation of the United States after the World War in the affairs of the League and in the establishment of the Court did not result in severing this long and honourable association. Mr. Elihu Root, one of the most distinguished jurists in the United States and a prominent member of the Republican Party, assisted by Professor James Brown Scott, an indefatigable champion of a permanent international court of justice, took an active part in the work of the advisory committee of jurists set up in 1920 by the Council of the League for the purpose of drafting the statute of the court, and contributed powerfully to the success of the committee's work.

However, it was generally admitted that the future of the pacific settlement of international disputes lay not only in the establishment of a competent and permanent international judiciary, but also in the willingness of nations to submit to it in advance all or certain classes of disputes, and that the wide adoption of the practice of concluding general arbitration treaties was no less essential than the existence of an imposing court of international justice. A permanent international court to which no cases were submitted, or from which important cases were withheld, would be a source of weakness rather than of strength. But in this respect the attitude of the United States had been distinctly non-committal since the end of the nineteenth century. Since that time, the United States had constantly refused to conclude general arbitration treaties, and had elevated to the authority of a fundamental principle the so-called restrictive clauses which exempted from arbitration questions affecting the vital interests, independence, or honour of the contracting parties. The influence of the Senate seems to have been decisive in this matter.[2] The Olney-Pauncefote Treaty of 1897, signed after protracted negotiations between the British and American Governments and constituting to a large extent a general arbitration treaty, was refused ratification by the Senate. A series of similar treaties concluded in 1904 by Secretary

[1] Reprinted in Scott, *The Hague Peace Conferences of 1899 and 1907* (1909), vol. ii, pp. 6–9.

[2] 36 *Statutes at Large*, p. 2240.

Hay, although diluted by the restrictive clauses and by the requirement of a special agreement in each case, were amended by the Senate in a manner amounting to a rejection of the treaties. The Hague Convention of 1907 for the Pacific Settlement of International Disputes was approved by the Senate with the understanding that recourse to the permanent court for the settlement of differences could be had only by agreement thereto through general or special treaties of arbitration.[1]

In 1910 the United States objected to the Convention instituting the International Prize Court on the ground that it allowed appeals from a decision of the Supreme Court of the United States. To meet this objection, an additional protocol was concluded in September 1910 providing that the recourse to the International Prize Court should take place in the form of an action for damages on account of the injury caused by the capture. But this protocol too failed to secure ratification. In 1911 the Senate amended the general arbitration conventions concluded by the Administration with Great Britain and France in such a manner that they lost all their original significance. These treaties were subsequently not proceeded with. Referring to this persistent attitude of the United States on the question of general arbitration treaties, John Bassett Moore (in 1927 the greatest living authority in the United States on international law and a judge of the Permanent Court of International Justice) remarked several years before the outbreak of the World War: 'As we are somewhat proud to boast of leading the van in the cause of peace, it may be worth our while to consider whether we should not gain a position far in advance of that which we now hold if we were to recur to the practice we followed a hundred and twenty-five years ago'.[2]

Reasons of space do not allow a detailed inquiry into the causes of this policy. It was believed that, far from being the result of the peculiar structure of the American constitution or of the so-called American philosophy of government, it was due to the fact that the United States, now a Great Power and a self-sufficing country, did not see in the modern world a comprehensive unity the existence of which was an essential condition for the recognition of a legal com-

[1] See on this point a letter of the Secretary of State, dated the 1st March, 1923, answering the questions of the Committee on Foreign Relations (*Sen. Doc. No.* 342, 67th Congress, 4th Session).

[2] Quoted by J. G. McDonald in *The Annals of the American Academy of Political and Social Science*, July 1926; see also Moore, *The Principles of American Diplomacy* (1923), p. 331, and Latané, *American Foreign Policy* (1927), p. 703.

munity of states justifying the submission of future disputes to the arbitrament of law. That absence of consciousness of unity, coupled with the circumstance that international law was on many points neither codified nor clear, tended to breed lack of confidence in the impartiality of the World Tribunal on matters in which the political and economic interests[1] of the United States were believed not to be in harmony with those of the rest of the world. The position taken up by the Government of the Union of Soviet Socialist Republics in regard to the arbitration movement offered a striking analogy to that assumed in this regard by the United States. But whatever the reasons may have been, the attitude of the United States towards general arbitration treaties made it clear why that country was anxious to avoid any possibility of being led by a back door, as it were, into a position even slightly and indirectly approaching that of having its interests affected by decisions of an international court in which it participated, but whose jurisdiction in a particular case it refused to recognize. Here lay the origin of the second part of the fifth reservation which, more than anything else, proved fatal to the co-operation of the United States in the World Court.

Article 14 of the Covenant of the League provided as follows:

> The Council shall formulate and submit to the Members of the League for adoption plans for the establishment of a Permanent Court of International Justice. The Court shall be competent to hear and determine any dispute of an international character which the parties thereto submit to it. The Court may also give an advisory opinion upon any dispute or question referred to it by the Council or by the Assembly.

In order to give effect to this article, the Council in February 1920 appointed a committee of jurists charged with the preparation of the Statute of the Court. The scheme prepared by the lawyers was then laid before the Council and a Committee of the First Assembly which, after having removed from it the clauses granting to the Court compulsory jurisdiction in certain classes of legal disputes, and after having effected certain minor alterations, approved the Statute unanimously on the 13th December, 1920, and recommended it for adoption by the members of the League.[2] However, the Statute became binding upon them, not as the result of the resolution of the Assembly, but by virtue of their having subsequently signed and ratified the Protocol of Signature relating to the Permanent Court of

[1] This point of view appeared clearly also in the writings of those publicists whose opposition to the Court was apparently grounded on reasons more idealistic. See, e.g., Hill, *The Problem of a World Court* (1927), pp. 81–3.

[2] See *H.P.C.*, vol. vi, pp. 495–6. Both the original and modified scheme are reprinted in the *Records of the First Assembly*, vol. i, pp. 412–95.

International Justice which was thrown open for signature on the 16th December.[1] It was laid down in the Protocol that it should remain open for signature by the members of the League of Nations and by the states mentioned in the Annex to the Covenant of the League. In thus framing the resolution of the Assembly and the Protocol of Signature their authors had admittedly in view the possibility of the adherence of the United States to the Court at a future date.[2] The United States did not ratify the Treaty of Versailles, but they signed it and were mentioned in the Annex. Accordingly, on the 15th August, 1921, the Secretary-General of the League forwarded to the Department of State of the United States a certified copy of the Protocol, of which the receipt was duly acknowledged.

Whatever might have been at that time the general trend of public opinion in the United States with regard to the League of Nations, it was difficult to ignore the Protocol and the implied invitation to adhere to the Court. For it was especially in relation to an international court of justice that a large part of the people of the United States felt that a policy of absolute detachment was incompatible with the traditions of the United States and with its standing in the world. To the extreme opponents of the League this particular form of participation in the affairs of the world, if rendered innocuous by appropriate safeguards, appeared least likely to endanger the general policy of isolation. To those in favour of co-operation with the League it seemed to represent the minimum of obligation which the United States ought to assume. After a time the question ceased to be a matter of party alignment. In 1924 adherence to the Court became a plank in the election platforms of the two great political parties, and it was a Democratic leader who adopted and championed in the Senate the resolution originally introduced by a Republican President. But this result was not easily achieved, and in the years 1922 and 1923 President Harding's strenuous efforts were directed towards placating the intransigent section of his own party. Whereas the opposition in the Senate aimed mainly at disclosing the danger of involving the United States, through advisory opinions given without its consent, in a scheme believed to approach indirectly to compulsory arbitration, the efforts of the opponents of adherence outside the Senate were chiefly directed towards proving that the Court was an essential part of the League of Nations and that it might as such be abused as an instrument of the League's policy. It

[1] See *Records of the First Assembly*, vol. i, p. 500.

[2] See *ibid.*, p. 441 (speech of M. Hagerup, the *Rapporteur* of the Third Committee).

was pointed out that, being bound to render advisory opinions at the request of the Council or the Assembly, the Court, whose judges were elected and whose expenses were paid by the League, served in fact as the latter's private attorney. The reply of the supporters of the Court was that the juridical basis of the Court was not a resolution of the Assembly or of the Council, but a separate treaty embodied in the Protocol of Signature; that the financial dependence of the Court upon the League was a mere matter of administrative arrangement, and that nothing would prevent the United States from paying its contribution directly to the Court; that, in respect of election of judges, the machinery of the League was used mainly for the purpose of rendering possible, through separate electoral processes in the Assembly and in the Council, the solution of the difficult problem of representation of small states; and, finally, that advisory opinions, as shown by municipal precedents in and outside the United States, constituted a widely accepted method of a strictly judicial procedure leaving intact the independence of Courts called upon to act in this manner—a fact clearly illustrated by the attitude of the Permanent Court in declining to give an opinion in the Eastern Karelia case.[1] But, above all, 'the traditional attitude of the United States with regard to international arbitration' was repeatedly invoked, and the people of the United States were called upon to give effect to this noble tradition.

President Harding, having once made up his mind, took a leading part in advocating adherence to the Court. He was assisted in this task by his Secretary of State, Mr. Charles E. Hughes. On the 17th February, 1923, Mr. Hughes sent to the President a letter restating the traditional attitude of the United States in matters of international arbitration, presenting the history of the establishment of the Court, analysing the objections likely to be raised on account of the Court's connexion with the League and indicating how adherence could be effected without assuming any of the obligations of the Covenant. On the 24th February this letter was sent to the Senate in a Presidential Message urging adherence to the Protocol under the reservations formulated by Mr. Hughes.[2] The reservations embodied in the Harding-Hughes plan stipulated for non-assumption of legal obligations under the Covenant; for a proper participation of the United States in the election of judges; for the payment of its due share of the expenses of the Court and for the non-amendment of the Statute of the Court without the consent of the United States.

[1] See *Survey for 1920–3*, Part III, Section (ii) (2) (*e*).
[2] *Congressional Record*, vol. lxiv, p. 4508.

President Harding's support of the Court was endorsed by his successor; but although the popular movement was by that time in favour of the proposal, the Senate's resistance was not to be easily broken. Alternative resolutions were introduced by Senator Lenroot on the 10th December, 1923, by Senator Lodge on the 5th May, 1924, and by Senator Pepper on the 26th May, 1924, proposing either the creation of a new World Court or the entire separation of the existing Court from the League of Nations. The last mentioned plan was favourably reported on by the majority of the Senate's Committee on Foreign Relations, while only a minority of the Committee adopted the Swanson resolution, which followed closely the lines of the Harding-Hughes proposal. On the other hand, the trend of public opinion found adequate expression in the resolution approved by the House of Representatives on the 3rd March, 1925, by 303 votes to 28, expressing its earnest desire that the United States should give early adherence to the Protocol with the reservations recommended by President Harding and later by President Coolidge.[1] At the same time (4th March, 1925), President Coolidge again affirmed his advocacy of adherence to the Court, and Senator Swanson reintroduced his resolution with the addition of a significant reservation to the effect that the United States would not be bound by any advisory opinion of the Permanent Court not rendered pursuant to a request in which the United States had joined. It was then decided to deal with the Swanson resolution under the item of 'unfinished business' in open executive session in December 1925. The Senate discussed the matter from the 17th December to the 25th January, and, after the application of the closure rule, the debate ended with the adoption of the resolution consenting to and advising adherence to the Permanent Court of International Justice under the following five reservations:

I. That such adherence shall not be taken to involve any legal relation on the part of the United States to the League of Nations or the assumption of any obligations by the United States under the Treaty of Versailles.

II. That the United States shall be permitted to participate through representatives designated for the purpose and upon an equality with the other states, members, respectively, of the Council and Assembly of the League of Nations, in any and all proceedings of either the Council or the Assembly for the election of judges or deputy-judges of the Permanent Court of International Justice or for the filling of vacancies.

III. That the United States will pay a fair share of the expenses of the Court as determined and appropriated from time to time by the Congress of the United States.

[1] *Congressional Record*, vol. lxvi, p. 5413.

IV. That the United States may at any time withdraw its adherence to the said protocol and that the statute for the Permanent Court of International Justice adjoined to the protocol shall not be amended without the consent of the United States.

V. That the Court shall not render any advisory opinion except publicly after due notice to all states adhering to the Court and to all interested states and after public hearing or opportunity for hearing given to any state concerned; nor shall it, without the consent of the United States, entertain any request for an advisory opinion touching any dispute or question in which the United States has or claims an interest.[1]

The resolution reiterated the determination of the Senate not to give its assent to any engagement which might be conceived as implying a general treaty of arbitration.

Resolved further, as a part of this act of ratification that the United States approve the protocol and statute hereinabove mentioned, with the understanding that recourse to the Permanent Court of International Justice for the settlement of differences between the United States and any other state or states can be had only by agreement thereto through general or special treaties concluded between the parties in dispute.

And, *ex abundanti cautela*, it was deemed necessary to add, in the final clause of the resolution, the usual safeguarding clause to the effect—

That adherence to the said protocol and statute hereby approved shall not be so construed as to require the United States to depart from the traditional policy of not intruding upon, interfering with, or entangling itself in the political questions of policy or internal administration of any foreign state; nor shall adherence to the said protocol and statute be construed to imply a relinquishment by the United States of its traditional attitude toward purely American questions.

On the 2nd March, 1926, Secretary Kellogg forwarded a copy of the Senate's resolution to the Secretary-General of the League[2] and to all the signatories of the Protocol of 1920. The latter were asked to reply in writing whether they were ready to accept the 'conditions, reservations, and understandings' contained in the resolution. It was the intention of the United States to effect its adherence to the Court solely by way of an exchange of notes with the states

[1] *Congressional Record*, vol. lxvii, p. 2306.

[2] *League of Nations Official Journal*, April 1926, pp. 628–9.

On the 8th March Chief Justice Taft announced, without giving reasons, the decision of the Supreme Court of the United States denying the petition of Mr. Benjamin Catchings, an attorney of Washington and New York, who prayed that the Secretary of State be cited to show cause why he should not be restrained from consummating the adherence of the United States to the Permanent Court until such time as the Constitution be amended to permit such action (*The United States Daily*, 11th March, 1926).

signatories to the Protocol. The Court and its Statute being formally the creature of the Protocol, it was apparently hoped that the League of Nations, as a body, would not take action upon the Senate's resolution (notwithstanding the action of the United States in forwarding a copy to the Secretary-General), but would content itself with watching the arrangements made between the United States and the signatory Powers. This, however, was not the intention of the Council of the League at that time assembled at Geneva for its thirty-ninth session. It adopted on the 18th March the resolution submitted by the representative of Great Britain, which, in view of the difficulties raised by the reservations, proposed that a joint conference between the signatories of the Protocol and of the United States should be held on the 1st September, 1926, at Geneva, for the purpose of arriving at an understanding. The resolution intimated that as the Protocol was a multilateral convention, it was advisable to deal with the American reservations with a view to embodying them in a document of a similar character.[1] The opinion was expressed that the American resolution was capable of being interpreted in a manner which would hamper the work of the Council and prejudice the rights of the members of the League, but as 'it is not clear that it was intended to bear any such meaning', a joint conference seemed to the Council best calculated to remove any misunderstandings. On the 29th March an invitation was addressed to the states signatories to the Protocol to attend a conference on the 1st September at Geneva.[2] A similar invitation, enclosing the resolution of the Council, was sent on the same day to the Government of the United States.[3] This invitation was promptly declined by Mr. Kellogg, the Secretary of State. In his answer, he pointed out that the reservations were 'plain and unequivocal', and that according to the terms of the American resolution they must be accepted by an exchange of notes between the United States and each of the signatories to the Protocol before the United States could become a party; that he had no authority to vary this mode of procedure, or to modify or interpret the reservations; and that it would be 'a matter of regret if the Council of the League should do anything to create the impression that there were substantial difficulties' in the way of a direct communication between the United States and the Powers signatory to the Protocol.

The Conference of forty states signatories to the Protocol[4] assembled

[1] *League of Nations Official Journal*, April 1926, p. 536.
[2] *Ibid.*, p. 721. [3] *Ibid.*, p. 722.
[4] The following countries had previously informed the Government of the United States that they had accepted the reservations: Cuba (17th March, 1926); Liberia (11th May, 1926); Greece (17th April, 1926); Albania (11th

at Geneva on the 1st September, 1926, and lasted till the 23rd of that month. Thus it took it twenty-three days to consider the 'plain and unequivocal terms' of the American reservations. Its work was then embodied in a Final Act accompanied by a draft protocol to serve as a basis for negotiations with the United States.[1] No serious difficulty was experienced in accepting the first four reservations and the first part of the fifth,[2] although the Conference found it necessary to reserve to the signatories of the Protocol the right to withdraw their acceptance of the American conditions 'if it were found that the arrangement agreed upon was not yielding satisfactory results'. However, the crux of the problem lay in the second half of the fifth reservation, i.e. in the postulated right to prevent advisory opinions not only on questions in which the United States had an interest, but also on those in which it claimed one. This did not appear in the original resolution; it was evolved in the course of the lengthy debate after it became clear to the senators that the legal and moral force of an advisory opinion as a judicial pronouncement of the Court was such that the United States, although not formally bound by any such opinion rendered without its consent, would not always be at liberty to disregard it. Accordingly, it had been urged, it was neces-

August, 1926); Luxembourg (21st August, 1926). San Domingo, in a vote taken on the 30th August, 1926, stated that it would 'vote for' the acceptance of the reservations, and Uruguay orally advised the Department of State on the 5th August, 1926, that the Uruguayan Government was in favour of the acceptance of the Senate reservations. With the exception of Cuba, however, all these states attended the Conference. Albania, Luxembourg, and Greece subsequently signed the Final Act of the Conference. San Domingo signed with the reservation that its Government reserved the right to accept the Senate's conditions in their entirety. Liberia and Uruguay attended the Conference, but did not sign the Final Act. Abyssinia, Bolivia, Brazil, Chile, Colombia, Costa Rica, Haiti, Paraguay, and Salvador did not attend the Conference.

[1] The Final Act and Protocol are printed in the British Parliamentary Paper *Cmd.* 2776, 1926; also in the *Minutes of the Conference of States Signatories of the Protocol of Signature of the Statute of the Permanent Court of International Justice held at Geneva from September 1st to 23rd, 1926* (Publications of the League, V. Legal, 1926. V. 26), and in the *American Journal of International Law*, vol. xxi (1927), Suppl. pp. 1–11.

[2] See on this point *Report from the Legal Adviser to the Secretary of State for Foreign Affairs* in *Cmd.* 2776 of 1926. See also the following articles on the legal aspects of the reservations: Kraus, 'La Cour permanente de Justice internationale et les États-Unis d'Amérique' in *Revue de Droit international et de législation comparée*, 3rd ser., vol. vii (1926), pp. 281–320; Miller, 'The Senate Reservations and the Advisory Opinions of the Permanent Court of International Justice' in *Columbia Law Review*, vol. xxvi (1926), pp. 654–70; Baldoni, 'La Corte permanente di Giustizia internazionale e gli Stati Uniti d'America' in *Rivista di Diritto Internazionale*, vol. xix (1927), pp. 17–33; and Wright, 'The United States and the Permanent Court of International Justice' in *The American Journal of International Law*, vol. xxi. (1927), pp. 1–25.

sary to stipulate that the Court should render no opinion without the consent of the United States on questions in which it was an interested party. This in fact was the attitude assumed by the Court in the Eastern Karelia case,[1] in which it refused to render an opinion on a question in which, in the Court's opinion, Russia had an interest and in respect of which she refused to submit to the jurisdiction of the Court. On the advice of a prominent jurist whose name remained undisclosed, it was, as the debate progressed, deemed necessary to safeguard the United States from any change of opinion of the Court on this matter and to insert an express reservation incorporating the principle enunciated in the Eastern Karelia case; but the resolution as finally introduced by Senator Swanson two days before the closure went even further. It added the fatal passage relating to questions in which the United States 'claims an interest'. The debates of the Congress do not reveal the source of this clause,[2] but it appears from casual remarks made in the course of the debate that the addition of this clause was advocated on the ground that its effect would be to place the United States not in any privileged position but merely on a footing of equality with other states members of the Council, and that this could not be achieved without the addition of the clause in question. The gist of the argument by which this at first sight surprising conclusion was reached, may be expressed in the following syllogism. The decisions of the Council, including requests for advisory opinions, had to be unanimous. The United States might, for this particular purpose, be regarded as a member of the Council. It followed that the United States might, when it thought fit, and without assigning special reasons, effectively oppose a request for an advisory opinion. In opposition to this American thesis it was pointed out in the course of the Geneva Conference, by almost all speakers, that the major premise might be entirely wrong; that it was by no means certain that the Council need be absolutely unanimous in asking for an advisory opinion; that although such a request need not necessarily be a mere question of procedure for which a majority of votes was sufficient, it was impossible, in the case of an advisory

[1] See *Survey for 1920–3*, Part III, Section (ii) 2 (*e*).

[2] There was much subsequent speculation about the identity of the 'unknown jurist' responsible for the form in which the fifth reservation was ultimately drafted. Senator Moses said on the 23rd September, 1926, after an interview with President Coolidge: 'Any one who knows the origin of the fifth reservation, and who is acquainted with its parentage, both real and putative, knows it will not be changed. No reservation drawn by John Bassett Moore and presented to the Senate jointly by Claude Swanson and Thomas Walsh is going to suffer much from changing' (*The United States Daily*, 24th September, 1926).

opinion arising out of a dispute before the Council, to escape the unavoidable analogy of Article 15 of the Covenant, according to which the votes of the parties to the dispute were not to be counted for the purpose of ascertaining unanimity; and that accordingly only a qualified unanimity was necessary in such cases.[1] In addition, stress was laid upon the fact that, even if absolute unanimity were required in all cases, the United States, in asking for a right of veto, was claiming far more than equality. For even granted that the members of the Council might claim the formal right of veto, it was clear that they could not politically, morally, and, according to some, even legally, use that power at discretion. Being members of the League, representing not only their own states but also other members of the League on the Council, and being fully aware of the difficulties confronting the League in each particular question, they were not actually at liberty to interpose their veto at will.[2] Also, by asking for the right to veto a request made after full deliberation by the Council, the United States, it was said, asked for a power equal not to that of the individual members of the Council, but to that of the Council as a whole. It was believed that of all these three arguments the soundest legally was the one which was based on the negation of the requirement of absolute unanimity for a request for an advisory opinion. However that might be, the delegates were unanimous in the opinion that the fifth reservation, so far as it related to questions in which the United States claimed an interest, could not be adopted in the form proposed by the United States. At the same time the Conference was willing to grant to that Power a position of equality with other members of the League, and to interpret the Senate's reservation in such a way that 'in any case where a state represented on the Council or in the Assembly would possess the right of preventing, by opposition in either of these bodies, the adoption of a proposal to request an advisory opinion from the Court, the United States shall enjoy an equivalent right'. With regard to questions in which the United States had an interest, the Conference deemed it sufficient to refer to the Eastern Karelia case. The Final Act was adopted with a view to the signatory states using it as a basis for the individual communications to be sent by them to the United States in reply to its proposal to adhere to the Court. Appended to it there were the revised rules of the Permanent Court of International Justice relating

[1] The general principle underlying this mode of reasoning was confirmed, almost beyond doubt, by the twelfth Advisory Opinion arising out of the Mosul dispute (see *Survey for 1925*, vol. I, pp. 518–19).

[2] See especially the speeches of Sir Francis Bell and Sir Cecil Hurst, *Minutes of the Conference*, pp. 25 and 34–5.

to advisory opinions as amended by the Court on the 31st July, 1926, and a preliminary draft of an agreement to be concluded [1] between the United States and the signatory states and embodying the conclusions of the Final Act.

The United States did not leave the world in suspense as to what it proposed to do in view of the result of the Conference. As early as the 21st September, five days before the adoption of the Final Act, the official spokesman for the President declared that the Administration would accept no modification in the reservations, and that it had neither the authority nor the disposition to vary them.[2] Only twelve days elapsed between President Coolidge's declaration referred to at the beginning of this section and the day on which the Department of State received, among other reports from Geneva, a copy of the Final Act. The gesture had been made, not without misgivings. The proposal could now be allowed to rest. The incident was closed so far as the Department of State was concerned.[3]

It remains to attempt an explanation of the failure of this American overture in spite of the ardent desire of the great majority of the American people to associate itself with the work of the Court and of the no less sincere wish of the members of the League to welcome the United States as a member of the Court. The reasons of this failure will appear clearly from what has been said in the introductory remarks to this section. They were: (1) the attitude of the United States towards general arbitration treaties, and (2) its determination to avoid any entanglement with the League which might possibly result from its adherence. It did not appear that the outcome was due to any absence of the essential qualities of statesmanship on the part of the Council of the League or the representatives of the signatory Powers. In fact, an impressive restraint and courtesy were exhibited by the delegates to the Conference when confronted with what the majority probably believed to be an impossible demand. On the other hand, there was not the slightest reason to doubt the

[1] In the Final Act, the Conference instructed its President, M. van Eysinga, to prepare a draft, on the lines of that draft agreement, of an identical reply to be sent by the signatories to the United States. A copy of such draft reply was sent from Geneva by M. van Eysinga to Great Britain and other states on the 30th September, 1926. See *Cmd.* 2776 of 1926, p. 23.

[2] *The United States Daily*, 22nd September, 1926.

[3] In October 1926 Senator Trammel (Democrat) of Florida introduced a resolution in the Senate which, if accepted, would have amounted to a withdrawal of the Senate's consent to adherence. The resolution was referred to the Committee on Foreign Relations on the 9th December (*United States Daily*, 9th December, 1926). On the 2nd February, 1927, the Committee considered the resolution without taking action (*ibid.*, 3rd February).

sincerity of the original American proposal. The negative result was, in a sense, unavoidable.

The United States was not represented at the Conference, yet had it been there, and had its representatives made their voice heard, the two sides would have found it difficult to understand each other. The one party thought of the Permanent Court as a vital organ of a League representing *in posse* all nations of the world; the other thought of it as only incidentally and superficially connected with the League, which it regarded as a regional organization of a limited scope and, possibly, of a transient character. Nothing illustrates this situation better than the crucial question of equality. The delegates to the Conference offered to the United States equality as they conceived it, that is, equality with other members of the Council, and a detached observer might be disposed to think that they had no moral obligation to offer more and that the United States had no right to ask for more. Yet although the delegates to the Conference were honestly attempting to render to the United States what was its moral due, it did not occur, either to them, or even to the American supporters of adherence, that the United States was, in strict law and in view of its freedom from obligations under the Covenant of the League, entitled technically to a position more favourable than that enjoyed by the members of the Council. States Members of the League (including *ad hoc* members sitting for the purpose of a dispute) must, when appearing as parties to a dispute before the Council, submit to the rule that their votes were not to be counted for the purpose of ascertaining unanimity.[1] Also, they must agree to their vote being disregarded in mere questions of procedure. Should the request for an advisory opinion fall within either of these two categories, then it might well happen that their opposition against such a request would in a particular case remain without any legal influence whatsoever. There was nothing repugnant to general principles of international law in the situation thus created; for these states had ratified the Covenant, and were bound by it and by its implications; but the United States had not ratified it, and there was accordingly no legal reason why it should agree in advance to the possibility of its vote being disregarded. Was it not true that in the act of offering to adhere to the Court it expressly repudiated all obligations under the Covenant? In the second part of the fifth reservation the United

[1] The Advisory Opinion of the Permanent Court in the Mosul case furnished good authority in support of the view that this rule referred not only to disputes under Article 15 of the Covenant, but also to all disputes before the Council. See, however, McNair, 'The Council's Request for an Advisory Opinion' in *The British Yearbook of International Law*, vol. vii (1926), pp. 1–13.

States claimed a right of which members of the League had divested themselves when ratifying the Covenant. By claiming the full exercise of that right, the United States asked, in strict law, for nothing more than equality of treatment. But that equality put the other states, who had contracted out of certain of their sovereign rights, in a position less favourable than that enjoyed by a state free from any obligations under the Covenant. Such an equality—the only one that deserved the name in strict law—the signatory Powers were unwilling to concede. They regarded the legal situation created by the Covenant as the basis, as the starting-point. They were not prepared to admit that by signing the Covenant establishing the intended organization of nations they put themselves in a position of legal inferiority to any outside Power. On the other side, the United States was equally unwilling to accept an equality with states bound by the Covenant—though it might well appear that this was the only equality that deserved the name in equity. The passage of the Final Act quoted above revealed, in a manner the significance of which transcended the immediate problem before the Conference, this fundamental clash of ideas and outlook which it was far beyond the powers of the Conference to remove.

This aspect of the problem was clearly revealed in the fact that the Government of the United States and the Senate were disappointed in their expectations, not only on account of the manner in which the fifth reservation was received, but also by the way in which the question of adherence was treated as a matter falling primarily within the competence of the League. The United States decided to approach the signatory states individually, and hopes were entertained that the League of Nations might agree to the Permanent Court of International Justice being treated not as a League Court but as a World Court. These hopes were shattered at an early stage. The information that the Council of the League had appointed a committee to consider the question of the reservations evoked surprise in Governmental circles in the United States; and the invitation extended to the United States to attend the Conference tended 'to awaken indignation'. The advocates of adherence to the Permanent Court in the United States insisted throughout that the Hague Court was a World Court of Justice, and that it was only incidentally connected with the League. It is probable that this argument was not without importance in bringing about the Senate's consent to conditional adherence. The course of events had shown how valueless this argument was. It became clear beyond all reasonable doubt that the Court really was an essential part of the machinery of the League, although it did not

take its law from the League and although it was independent, so far as its judicial function was concerned, both of the Assembly and the Council; that the consciousness that the League possessed this highest judicial organ was highly prized by the members of the League for both moral and legal reasons; and that if the result of the American adherence would be to destroy or to weaken this consciousness, it was improbable that the signatories of the Protocol of 1920 would ever agree to pay this price.[1] The United States declined at that time to recognize the League as the organized community of nations, and by the fifth reservation it claimed to stand juridically on the same plane as the League of Nations taken as a whole. It was perfectly entitled to assume such an attitude under a system of international law based on the sovereignty of states; but however strong this formal right may have been, it was felt that the members of the League ought not to acquiesce in contractual arrangements which perpetuated or sanctioned the momentary absence of universality in the composition of the League—and this in a manner which would virtually penalize states which had accepted the obligations of the Covenant in their relations with a state which had not done so. It was felt that it was better that the Court should for the time being remain without the support of a powerful nation, than that it should lose its character as the judicial organ of the growing *civitas maxima*, or that its competence should be determined by a single Power whose very conditions of adherence could not be interpreted otherwise than as indicating a lack of confidence in the impartiality of the Court if and when called upon to decide whether the United States had or had not an interest in the case.[2] The fifth reservation, if accepted, might not have hampered the work of the Court in practice; it contemplated contingencies which were rather remote and hypothetical; but, as has

[1] The following extract from Sir Cecil Hurst's speech as rendered in the *Minutes of the Conference* may be quoted usefully here: 'The United States had not seen fit to join the League; nevertheless the League was a very potent international machine operating among all the States which were parties to it. He could not conceive that it had been the intention or the desire of the United States of America that it should, by joining the Court, in any way interfere with, or hinder, the proper working of the League. Upon no other footing, he thought, would it be possible for the Governments of the Members of the League to accept the participation of the United States of America in the work of the Court' (p. 25).

[2] Cf. here the article of Esther Everett Lape in the *Atlantic Monthly*, October 1927, pp. 517–32, in which an ingenious attempt was made to suggest a way out of the deadlock by interpreting the phrase 'has or claims an interest' as leaving the Court free to decide in each particular case whether the United States had an interest or not. It is obvious that such an interpretation, as altering materially the original resolution, could have no validity unless it came from the Senate itself.

been shown, its acceptance involved issues larger than that. In 1926, the relation between the United States and the League of Nations and the adherence of the United States to the Permanent Court of International Justice were questions too closely connected to admit of thorough-going separation.

In the months following the September Conference at Geneva there was a danger of this larger issue being submerged in a wave of mutual recrimination, on both sides of the Atlantic, with a view to apportioning the blame for the situation created by the decisions of the Conference; but it has been shown that the disappointing result was not due to the attitude of individual persons or to the methods of procedure adopted. It was due neither to the signatory Powers, whose representatives exhibited throughout a statesmanlike spirit of conciliation and accommodation, nor to the United States, whose offer was sincere so far as it went. The blame, if any, lay in the incompatibility of the American demand for strictly legal equality, which was an equality of pure isolation, with the offer of the United States for cooperation in the field of judicial settlement of disputes. For by that time that particular form of cooperation had already become an organic part of a more comprehensive community of action and organization between almost all nations of the world.

At the time of writing the United States had not yet formally replied to the invitation for further negotiations implicitly contained in the Final Act of September 1926. Nor was there any indication that the other Powers were anxious to press for an answer.[1]

[1] Bibliographical references to the more important literature and documents bearing on the subject dealt with in this Section will be found in the foot-notes. For further information on the literature, which is enormous, the reader is referred to the *Third Annual Report of the Permanent Court of International Justice* (Series E–No. 3), pp. 265–6 and 301–11.

PART I

WORLD AFFAIRS

B. INTER-ALLY DEBTS[1]

Introduction.

While the payment of Reparation by Germany was commonly regarded as the most difficult of all the post-War problems requiring solution, the question of Inter-Ally Debts had certain features which gave it a strong claim to the second place. The number of nations involved, the dual position of some (notably the United Kingdom) as both debtor and creditor and the variety in the possible lines of approach combined to make the presentation as well as the solution extremely complicated. It did, in fact, prove impossible to find any principle for the treatment of these debts which was acceptable to all the parties concerned, although before the close of the year 1927 settlements had been reached in practically every case. The debtor Governments, the creditor Government (the United States) and the Government both debtor and creditor (the United Kingdom) adopted different principles; but by a process of compromise it was found possible to draw up agreements dealing with each debt separately, though in certain cases these had not yet, at the end of the period under review, been ratified nor officially put into force.

The problem could be regarded (whether by debtor or creditor) as one of ethics, economics, or expediency, and these various aspects were differently emphasized by the countries concerned. The ethical argument was two-sided. To the debtor these debts were incurred between Allies in furtherance of a common object, the prosecution of the War, and were regarded as the contribution of nations particularly strong in that branch of warfare. A general cancellation, therefore, would have been natural. To the creditor there was a moral obligation to insist on the repayment of these debts, partly as the redemption of a solemn obligation and partly to enforce the realization of the cost of making war and of the necessity for an early return to normal economic conditions. The argument based on expediency was that the creditor must take what he could get, since he could not put the bailiff in. On the other hand the debtor had to

[1] An acknowledgement is due to the Editor of the *Encyclopaedia Britannica* for permission to make use of part of the material employed in the article on 'Inter-Allied Debts', which appeared in the thirteenth edition (new volumes), 1926.

pay enough to maintain his credit in the eyes of other nations. The economic attitude was based on the financial capacity of the debtor nation and on the possibility of transferring huge sums of money from one nation to another. In the relationship between these theories lies the story of the settlement of Inter-Ally Debts, and in it is to be found an interesting commentary on the psychology of the nations concerned.

By the year 1927 it had become possible to review the problem as a whole, and for this purpose it might be found convenient to make a chronological division into six main periods.

1. 1915–September 1920: the negotiation of the loans.
2. The immediate post-War period up to 1922 when the question of settlement first arose, but only as a vague possibility.
3. 1922–4: when the final attitude of the various countries developed and serious negotiations commenced.
4. 1924–6: the period of the settlements.
5. A comparison of the settlements.
6. Problems of the future.

(i) The History of War Borrowing between Allied Governments.

In examining the growth of Inter-Ally Debts it must be borne in mind that they were incurred under the stress of war. It is idle, therefore, to search too deeply for underlying principles in the various arrangements made, since changing conditions led to the employment of different methods. In the main, however, it may safely be said that the object of foreign borrowing by belligerent Governments was the provision of funds in foreign countries for the purpose of financing the necessary purchases of raw materials and munitions of war in those countries. A subsidiary aim in certain cases was the maintenance of the rate of exchange between those countries so as to enable other necessary supplies to be purchased at a minimum cost. In one or two instances only the proceeds of foreign loans were employed in part in the payment of interest on pre-War loans.

All the European Allies borrowed abroad at one time or another during the War. The principal lenders were Great Britain, France, and, after April 1917, the United States of America, the advances made by Italy being extremely limited. Inter-Governmental borrowing began very soon after the commencement of the War. Great Britain was the principal lender in the early years, but up to the end of 1916 she required from Russia, France, and Italy the deposit in London of varying proportions of gold as security for such advances in order that the burden of maintaining the Allied exchanges at or

near par with the dollar might be fairly distributed. The amounts of gold so deposited were £60,000,000 in the case of Russia, £53,500,000 by France, and £22,200,000 by Italy. Advances by France during this period were mainly to Russia and Belgium. As long as the United States was neutral no advances to belligerents were made by the Government of that country, the necessary funds being obtained by open-market borrowing. Great Britain, for instance, raised over $1,500,000,000 in this manner, practically the whole of which had been repaid by 1927. Further, the British Government requisitioned from its nationals and sold or pledged in the United States dollar securities to the value of £177,000,000 and made payments in gold to the value of over £190,000,000 (which total was later increased to nearly £250,000,000).

Towards the end of 1916 and early in 1917 the financial situation of the Allies was becoming extremely serious. It was, therefore, a great relief when, soon after the entry of the United States into the War in April 1917, the Liberty Loan Act was passed by Congress authorizing the extension of credits to the Governments at war with the enemies of the United States up to a limit of $3,000,000,000.[1] The main conditions of these advances, as laid down in this Act, were that certificates of indebtedness only should be given, no special security being required, and that these certificates should be payable on demand and bear interest at the same rate as the corresponding bonds to be issued by the United States Government in order to obtain the necessary funds. These credits were mainly employed to finance the war needs of the Allies in America. As the needs of the American army developed the United States were less able to provide manufactured goods and these credits were employed to a greater extent in the purchase of raw materials which were converted into manufactured goods in Great Britain and other European countries.

By the time of the Armistice the Government of the United States had made advances to the extent of some $7,500,000,000; but a further $2,000,000,000 was subsequently advanced to enable the Allied Governments to complete the purchase of goods already ordered. The total amount, therefore, actually advanced was $9,598,236,575. In addition, certain other special advances were authorized and made after the Armistice: (*a*) for the purchase of surplus war supplies,[2] $598,869,010: (*b*) for the purchase of relief

[1] Act of the 24th April, 1917. The amount was increased to $7 milliards by act of the 24th September, 1917, to $8·5 milliards by Act of the 4th April, 1918, and to $10 milliards by Act of the 9th July, 1918.

[2] Act of Congress of the 9th July, 1918.

supplies,[1] $140,952,766. The grand total of advances by the United States up to the 30th June, 1919, was therefore $10,338,058,351. This amount includes interest up to the 15th May, 1919. The distribution of these advances is shown in the following table.[2]

War and Post-war Loans by the United States

(in dollars)

Country.	*Total principal amount of obligations received under Liberty Bond Acts.*	*Total principal amount of obligations received for surplus supplies and relief credits.*	*Total original advances up to the 30th June, 1919.*	*Total debt as funded.*
Armenia	—	11,959,917·49	11,959,917·49	16,057,184*
Austria	—	24,055,708·92	24,055,708·92	32,715,764†
Belgium	349,214,467·89	29,872,732·54	379,087,200·43	417,780,000
Cuba	10,000,000·00	—	10,000,000·00	(Repaid).
Czecho-slovakia	61,974,041·10	29,905,629·93	91,879,671·03	115,000,000
Estonia	—	13,999,145·60	13,999,145·60	13,830,000
Finland	—	8,281,926·17	8,281,926·17	9,000,000
France	2,997,477,800·00	407,341,145·01	3,404,818,945·01	4,025,000,000
Great Britain	4,277,000,000·00	—	4,277,000,000·00	4,600,000,000
Greece	15,000,000·00	—	15,000,000·00	19,659,836
Hungary	—	1,685,835·61	1,685,835·61	1,939,000
Italy	1,648,034,050·90	—	1,648,034,050·90	2,042,000,000
Jugoslavia	26,780,465·56	24,978,020·99	51,758,486·55	62,850,000
Latvia	—	5,132,287·14	5,132,287·14	5,775,000
Liberia	26,000·00	—	26,000·00	34,718*
Lithuania	—	4,981,628·03	4,981,628·03	6,030,000
Nicaragua	—	166,604·14	166,604·14	26,883*
Poland	—	159,666,972·39	159,666,972·39	178,560,000
Rumania	25,000,000·00	12,922,675·42	37,922,675·42	44,590,000
Russia	187,729,750·00	4,871,547·37	192,601,297·37	270,599,641*
Total	$9,598,236,575·45	$739,821,776·75	$10,338,058,352·20	$11,861,448,026

* Not funded: debt as on the 15th November, 1926.

† Time of payment of principal and interest extended to the 1st June, 1943, by authority of Joint Resolution of Congress approved on the 6th April, 1922.

The British debt to the United States Government, as shown in the above table, was originally $4,277,000,000 and was funded at $4,600,000,000, in addition to which $202,000,000 had already been repaid. The Allied War Debts to Great Britain amounted originally to £1,423,132,000 (including Relief and Reconstruction Credits, £46,176,000) and at the dates of funding to about £2,200,000,000 after deducting the gold deposits. Thus, roughly speaking, Great

[1] Act of Congress of the 25th February, 1919, establishing a revolving credit of $100,000,000 for supply of foodstuffs, and Act of Congress of the 30th March, 1920, for the sale of 5,000,000 barrels of flour by the United States Grain Corporation.

[2] *Annual Report of the Secretary of the U.S. Treasury on the State of the Finances for Year ending 30th June, 1926*, p. 579.

Britain lent to her Allies twice as much as she borrowed from the United States. Details are given in the accompanying table.[1]

Debts to Great Britain

I. *WAR DEBTS*

	Country.	*Original Advances.*[2]	*Debt as funded*[3] *(including interest added to capital).*	
		£	£	
1	France . .	446,226,000	600,000,000	
2	Russia . .	483,321,000	783,000,000	(debt on 31st March 1927)
3	Italy . . .	369,824,000	560,000,000	
4	Jugoslavia . .	22,383,000	25,591,000	
5	Rumania . .	16,401,000	18,448,000	
6	Portugal . .	15,611,000	20,134,000	
7	Greece . .	16,391,000	21,441,000	
8	Belgium: Pre-Armistice .	90,084,000	99,133,000	(Pre-Armistice debt as at 1st May, 1921, taken over by Germany)
	do. Post-Armistice .	6,799,000	—	(Post-Armistice debt repaid in cash)
		£1,467,040,000	£2,127,747,000	

II. *LOANS FOR RECONSTRUCTION AND RELIEF*

		£	£	
1	Belgium . .	9,000,000	9,000,000	
2	Belgian Congo .	3,550,000	3,550,000	
3	Austria . .	11,578,000	12,727,000	(£2,250,000 repaid in 1923: balance postponed until 1943)
4	Rumania . .	1,892,000	2,200,000	
5	Jugoslavia . .	1,884,000	2,069,000	
6	Poland . .	3,682,000	4,770,000	
7	Czechoslovakia .	461,000	474,000	
8	Estonia . .	241,000	251,000	
9	Hungary . .	109,000	109,000	
10	Armenia . .	88,000	125,000	
11	Lithuania . .	17,000	—	(repaid in cash)
12	Latvia . .	20,000	—	(do.)
		£32,522,000	£35,275,000	

[1] Financial Statement by the Chancellor of the Exchequer. House of Commons Report No. 84 of 1925.

[2] Cf. *Hansard* (House of Commons), 23rd July, 1925, Cols. 2445–6. (The figures were in most cases altered on final adjustment and must be regarded as approximate.)

[3] See published Funding Agreements: the amounts of the gold deposits (viz. France £53,500,000, Russia £60,000,000, and Italy £22,200,000) are deducted.

III. *LOANS FOR STORES AND REPATRIATION (POST-WAR)*

		£	£	
1	France	8,226,000	8,226,000	(£5,976,000 repaid by 1927)
2	Latvia	1,303,000	1,303,000	(interest waived to date of funding.)
3	Estonia	917,000	917,000	(do.)
4	Czechoslovakia	827,000	827,000	(do.)
5	Lithuania	348,000	150,000	(do.)
6	Poland	174,000	174,000	(do.)
7	Greece	108,000	108,000	(do.)
8	Rumania	36,000	36,000	(do.)
9	Armenia	747,000	1,001,000	(debt not funded)
		£12,686,000	£12,742,000	
	Grand Total	£1,512,248,000	£2,185,764,000	

France borrowed from the United States originally $3,405,000,000, which was funded at $4,025,000,000, and from Great Britain £446,226,000, which was funded at £600,000,000. The exact amount due to France is difficult to estimate. The Budget Project for 1928 set forth the debts owing to France by various foreign countries, as at the 31st December, 1926, as follows: [1]

(1) *Debts in French currency:*

	Francs
Russia (Tsarist Government)	7,008,928,000
Do. (various local Governments)	416,233,000
Jugoslavia	1,946,042,000
Rumania	1,050,000,000
Greece	812,457,000
Poland	1,047,120,000
Czechoslovakia	474,124,000
Italy	1,145,737,000
Portugal	9,050,000
Lithuania	8,800,000
Hungary	319,000
Austria	379,000
Georgia	200,000
Albania	1,800,000
	13,921,189,000

(2) *Debts in foreign currencies:*

Russia (various local Governments)	gold roubles	10,533,145
Czechoslovakia	dollars	1,149,000
Italy	lire	16,983,000
Do.	£ sterling	18,826
Austria	dollars	16,000,000
Do.	lire	35,000,000

[1] Except in the case of the franc debt of Tsarist Russia the figures apparently exclude interest.

These figures do not include Germany's debt to France on Reparation account, nor are there included the French advances made to Belgium, amounting to Frs. 2,731,678,930, which were debited to Germany by the Versailles Treaty. As a set-off to some of these totals there existed certain 'counter-debts' owing by France, either in French or foreign currencies, to the following countries:

Russia (Tsarist Government)	roubles	163,567,915
Jugoslavia	francs	157,386,000
Do.	dinars	18,831,579
Greece	francs	40,000,000
Do.	drachmae	278,092,936
Czechoslovakia	francs	10,991,000
Italy	francs	202,614,000
Do.	lire	1,127,492,000

Italy borrowed £369,824,000, funded at £570,000,000 from Great Britain, and $1,648,000,000, funded at $2,042,000,000, from the United States, and advanced an estimated amount of over two milliard lire. The Belgian pre-Armistice debt was the subject of special treatment[1] under Article 232 of the Treaty of Versailles, but after the Armistice Belgium borrowed £15,799,000 from Great Britain, $175,430,808 from the United States and Frs. 241,472,300 from France.

Russia borrowed, up to the time of the Revolution, £483,321,000 from Great Britain and $187,729,750 from the United States, as well as sums from France and Italy.

(ii) Post-War Period up to the end of 1921.

There was little serious attempt to deal with Inter-Ally Debts during this period. Europe was in a state of chaos and the rival policies of Reparation and Reconstruction left little energy to shoulder obligations which could be postponed. In so far as the European Allies considered the matter at all, the idea was paramount of an all-round cancellation of debts between the Allied and Associated Powers as part of a general scheme of Reconstruction or as a bargaining point in the dispute on Reparation. In the United States, public opinion was apathetic. Official declarations rejected cancellation, but a change of policy was not an impossibility.

Actually the first definite pronouncement on the subject was made in a communication dated the 8th March, 1919, from the Assistant Secretary of the United States Treasury to the Deputy French High Commissioner, which contained the following sentences:

[1] For details see p. 120 below.

> I have, however, to state most emphatically that the Treasury, which, as you are aware, is clothed by the Congress with full authority to deal with foreign loans which it has made, will not assent to any discussion at the Peace Conference, or elsewhere, of any plan or arrangement for the release, consolidation, or reapportionment of the obligations of foreign Governments held by the United States.

After nearly a year without incident the Chancellor of the Exchequer, who had recently expressed the desire of Great Britain to co-operate with the United States in this matter, referred to it in a message to the Assistant Secretary of the United States Treasury:

> We should welcome a general cancellation of inter-governmental war debts. The moral effect would even be a greater practical change and fresh hope and confidence would spring up everywhere. The existence of these international debts deters neutrals from giving assistance, checks private credits, and will, I fear, prove a disturbing effect in future international relations.

As this immediately followed a reference to a possible financial crisis in America, it is perhaps not surprising that the Secretary of the Treasury replied:

> Any proposal or movement of such a character would, I am confident, serve no useful purpose. . . . I feel certain that neither the American people nor our Congress, whose action on such a question would be required, is prepared to look with favour on such a proposal.

—a decision which was at once accepted by the Chancellor of the Exchequer.

Soon after this occurred the first official record of the discussion of the subject between the European Allies and its definite connexion with Reparation. In a communiqué issued on the 16th May, 1920, during the first Hythe Conference, it was stated that:

> The two Governments (Great Britain and France) are further of opinion that, in order to provide a solution for the economic difficulties which are gravely weighing upon the general situation of the world, and in order to mark a definite beginning of the era of peace, it is important to arrive at a settlement which will embrace the whole body of the international liabilities which have been left as a legacy of the War, and which will at the same time ensure a parallel liquidation of the inter-Allied war debts and of the Reparation debts of the Central Empires.

The Chancellor of the Exchequer, however, stated in the House of Commons on the 19th May of that year that no definite arrangement had been reached at Hythe with regard to the French War Debt to

Great Britain, but he made it clear that 'the question of the debt of the British Government to the American Government was being dealt with independently of any question of this country's share of the indemnity from Germany'.[1]

On the 5th August, 1920, the British Prime Minister, Mr. Lloyd George, gave President Wilson a résumé of the existing situation in the course of which he said that the British Government, on being informed that the French Government could not 'accept anything less than it was entitled to under the Treaty unless its debts to its Allies and Associates in the War were treated in the same way', had replied that they would agree to any equitable arrangement for the reduction or cancellation of inter-Allied indebtedness, but that such an arrangement must apply all round. President Wilson, in his reply in the following November, after referring to the absence of any authority for the remittance or cancellation by the Treasury of any part of the War Debts, declared that it was highly improbable that Congress or popular opinion would ever agree to such action as an inducement to other countries to reduce or remit their claims on their Allies or to induce the interested Governments to find a reasonable settlement of Reparation. He rejected all connexion between debts and Reparation and declared it to be highly important that a British representative with proper authority should proceed to Washington without delay to arrange for the carrying out of the obligation of the British Government to fund its debt.

It will have been remarked how vague and tentative were the discussions, mostly at long-range, of this question during this period. American official utterances were safeguarded by references to Congress and public opinion. Great Britain, while agreeing with France in desiring an all-round cancellation, was careful not to press this view too strongly on the American Administration and was always ready to recognize in principle her own liability to the United States. At the same time President Wilson's hint did not produce any immediate result and clearer indications were to be made by the United States before any official action was taken in Europe with regard to war-time liabilities.

[1] For details of this Conference and for the subsequent relationship between Inter-Ally Debts and Reparation see *Survey for 1920–3*, Part II, Section (iv), and *Survey for 1924*, Part II, Sections (iv)–(vii).

(iii) The Period of Negotiations (1922–4).

In many respects the three years following the Lloyd George–Wilson correspondence were the most important in the history of the debts. It is true that the actual settlements, with the exception of the British-American agreement, belonged to a later time, but between 1922 and 1924 the policies of the three protagonists became clarified and set. Modifications were afterwards made, but it is possible to trace in all the subsequent agreements the main principles now adopted, greatly as these differed in the case of each of the three nations.

In the United States, public opinion was gradually dividing into two distinct camps, which long continued to exist and to engage in spasmodic controversy. On the one hand the intelligentzia of the Universities and of the great cities early decided to press, chiefly on humanitarian grounds, for the remission of part, if not the total cancellation, of the War Debts. Allied to them, though from different motives, were the great financial and industrial organizations. In their view repayment of the debts would involve a delay in European reconstruction and, therefore, a prolonged decrease in the purchasing power of the Old World. An immediate *rapprochement* with Europe, with the opportunities which it would offer, would be a first step in the new path of international opportunity which was opening before the American business world. Other manufacturers advocated cancellation as the cutting of a link in the chain which united America and Europe and militated against their ideal of an impregnable tariff wall. The supporters of these views were, however, powerless against the vast but inarticulate mass of the population, mainly agricultural, and secure in the knowledge that man must eat, who could see no reason for abandoning their claims. The leaders of this party in Congress included men of knowledge of foreign affairs and of great influence in the country, men who, on this occasion, made the most of their opportunity, supported by the reversion to materialism which followed the lack of success of President Wilson in Paris. There were, moreover, arguments in support of this view at once higher and of greater international appeal. It was pointed out with great force that the sanctity of obligations, which was threatened by proposals of cancellation originating from the debtors, must be upheld; that Europe must realize that the penalty for war could not be avoided; and, finally, that so far from retarding reconstruction, repayment of debts would do more than anything else to re-establish confidence in the Governments of the European Allies, whose credit was seriously

undermined abroad. Further, there was a strong feeling widely held, if not officially expressed, that any funds which might be released through the cancellation of War Debts would be employed by the European countries concerned in increasing their armaments, the magnitude of which was already regarded as a growing menace to the peace of Europe. The action of France in offering to make advances to certain members of the Little Entente and to Poland before she had funded her own War Debts did not tend to allay this feeling. In short, American public opinion became definitely, if not violently, hardened against cancellation. Congress itself was so united on this point as to force the Administration to adhere to its original demand for repayment in full.

Accordingly on the 9th February, 1922, Congress passed an Act[1] appointing the World War Foreign Debt Commission, to consist of the Secretary of the Treasury, as Chairman, and four members to be appointed by the President, and charged with the duty of refunding the war-time obligations of foreign Governments. Cancellation or the interchange of obligations between Governments was forbidden and the time of maturity was not to be extended beyond 1947, nor the rate of interest to be reduced below $4\frac{1}{4}$ per cent. per annum.[2] The Commission was originally created for three years but its authority was extended in 1925 for a further two years up to the 9th February, 1927.[3] The guiding principles upon which the Commission acted are best illustrated by the following extract from its report for the financial year ended the 30th June, 1925.

> The commission, convinced that there can be no permanent recovery in Europe until the inter-Allied debts have been fairly adjusted, has been actively co-operating with the State Department during the past year in its efforts to bring about negotiations and settlements of the unfunded debts of foreign governments to the United States. Not only is it essential to remove the debt question as a source of international friction between governments, but it is perhaps more important that the several debtor nations preserve the sanctity of their respective obligations.

It having been made clear that the funding of debts was now seriously regarded by the United States, preliminary negotiations were opened by both France and Great Britain, and in July 1922 a French mission, under Monsieur Parmentier, was dispatched to

[1] The text of the Act is given in Appendix No. II, p. 473 below.

[2] The Act was amended on the 28th February, 1923, so as to increase the total membership to eight, and to allow the Commission to make subsequent settlements on any terms subject to the approval of Congress.

[3] Its authority then expired.

Washington. It was soon evident, however, that Monsieur Parmentier had no authority to conclude an agreement, and in August he returned to Paris 'to report progress'. Meanwhile the British negotiations had been continued and arrangements made for a Mission under Sir Robert Horne, the Chancellor of the Exchequer, to leave for America in October 1922. The General Election in Great Britain made postponement inevitable but, as a token of good faith, a payment of $100,000,000 was made on account. To Great Britain, therefore, fell the distinction of being the first country to make any cash repayment in respect of War Debts. Early in 1923 a delegation headed by Mr. Baldwin, the new Chancellor of the Exchequer, actually sailed, returning later in the month with proposals for a settlement which were approved by the Cabinet on the 31st of January, 1923. The agreement was finally completed on the 19th June, 1923.[1]

In the meantime British policy had, under pressure of the American request for settlement, been rapidly taking shape. Succeeding Governments had, as we have seen, favoured all-round cancellation but had always not only admitted the legality of the American demand for repayment, but also expressed readiness to honour their obligations when called upon. When, therefore, negotiations with the United States Government commenced in earnest, consideration had to be given to the attitude to be adopted towards Great Britain's debtors. British public opinion had hitherto regarded all War Debts as somewhat illusory and did not expect either to pay or to receive large sums on this account. It now acquiesced in a policy of repayment to America, which was to uphold the national honour and to assist the pound to 'look the dollar in the face', whatever forebodings of economic difficulties might be expressed in some quarters. It was not prepared, however, to do this while at the same time abandoning all claim on its debtors, however small the hope of ultimate payment might be. Public opinion in the main supported the note which was sent by the Government to the debtor countries on the 1st August, 1922, commonly known as the 'Balfour Note'.[2] This declaration of policy commenced by reiterating that the British Government, who were owed by their Allies (including Russia) and Germany together nearly four times as much as they owed America, would have preferred a general cancellation of both their claims and their liabilities. Under existing circumstances, however, they were compelled to look

[1] Details of the terms are given in the section on the Debt Settlements. See p. 119 below.

[2] For text see Appendix No. II, p. 471 below.

for some payment from their debtors but did not propose to exact more from their Allies than would suffice, when added to their Reparation receipts, to meet the sums which they were compelled to pay to their creditor. This plan was attractive since it was based on ethical grounds and, while recognizing America's right to repayment, rejected the idea of profiting from a transaction carried out in a common cause. At the same time it was expedient, since it reduced the amount of the debt to be paid by the Allies to a sum which it was politically possible to extract, and which would decrease in proportion as the yield from Reparation increased. The note was not, however, favourably received either in America or in France. In America it was thought to be an insidious attempt to influence the course of the forthcoming negotiations for the funding of the debt. Moreover, the allegation that the borrowings of Great Britain in America were chiefly on behalf of the Allies and not for her own benefit and that the United States insisted 'in substance, if not in form' upon British security for moneys lent to the other Allies was particularly resented since it was scarcely an accurate statement of the case. All purchases made in the United States by one Ally on behalf of another had, in fact, been adjusted at the time by means of a scheme known as 'the Dollar Reimbursement Plan'. Only certain expenditure by Great Britain on behalf of Russia did, in fact, come within the terms of this part of the Balfour Note as literally interpreted.[1] In France, on the other hand, it was regarded as the abandonment of that consolidated front of the European Allies, which it was hoped would eventually lead to a change of attitude on the part of America.

French opinion was entirely under the influence of the struggle with Germany over Reparation and Security. The United States was regarded as having deserted France by her attitude to the Treaty of Versailles, while the attempt made by Great Britain to settle the Reparation problem on an economic basis resulted in a similar feeling of injury in France, who was gradually becoming more and more isolated. Consequently, any suggestion, whether originating in England or in America, that the French debt should be funded, was bitterly resented. At the same time, the legality of these debts could not be denied. But France in her existing condition was in no position to find large sums for transfer abroad. The material damage which she had suffered in the War required the immediate expenditure

[1] The interpretation given subsequently by British Ministers was that Great Britain would, in all probability, not have had to borrow from the United States if she had not simultaneously been lending to her Allies to enable them to make necessary purchases in other neutral countries.

of large sums on the restoration of the devastated areas and the re-equipment of her industries. The liability for this expenditure had, under the Treaty of Versailles, been placed on Germany, but France was now faced with a situation in which the recovery of any Reparation appeared to her to be extremely problematical. On the other hand, if she herself were declared in default by her own Allies, her credit would be ruined.

It was essential, therefore, to adopt a policy which, while postponing indefinitely the necessity of making any payment, would not involve a repudiation of the debt. Such a policy was found in the linking of Debts and Reparation. Exhausted by war and bound to repair the losses of her citizens in the devastated areas from her own resources owing to the failure of Germany to meet her Treaty liabilities, she recognized the debts, but protested her inability to commence repayment until she had received from Germany sufficient to repair her material losses. This argument had a double recommendation in France since it gave England and America an increased interest in the extraction of Reparation from Germany, while relieving France of the necessity of making debt payments for a considerable period.

Unlike Great Britain and the United States, however, she did not lay down her policy with any clearness, partly owing to the reluctance of public opinion to admit the necessity for payment at all and partly owing to resentment with her creditors over their attitude towards Germany. Her point of view became only gradually apparent. The first opportunity occurred when the United States Government, after the establishment of the Funding Commission, requested their debtors to take steps to fund their debts. As has been stated above, France dispatched a Mission to America under Monsieur Parmentier in July 1922 with instructions[1] under no circumstances to accept the principles of the Funding Commission Act or to conclude a settlement. Monsieur Parmentier was merely to show that France was at the moment economically incapable of making any payment and that any future payments must be dependent on the amounts received from Germany on Reparation account. This was not acceptable to the American Commission and negotiations broke down, the impression being left that France had no intention of honouring her obligations.

This was followed by the regrettable period leading up to and

[1] The text was published in the *European Economic and Political Survey* for the 30th September, 1926, published by the Reference Service on International Affairs of the American Library in Paris.

embracing the occupation of the Ruhr.[1] It was clear from the first that in the existing state of feeling between England and France there could be no question of a voluntary settlement of the French debt, but the French Government had already linked the question of the War Debts with that of Reparation and the British Government made efforts to meet France on this point. The reply, in September 1922, of the French Government to the Balfour Note had been indefinite and unacceptable to the British Government, but the subject was reopened in October by the plan laid before the Reparation Commission by Sir John (afterwards Lord) Bradbury for the settlement of the whole question of Reparation and for an Inter-Allied Conference to deal with the debt problem. This plan was rejected by the French, but in December 1922 the whole situation was reconsidered. On this occasion Mr. Bonar Law, the then Prime Minister, offered in principle to accept less from the Allies and Germany than would suffice to meet the British debt to America provided that this proposal formed part of a comprehensive scheme for the settlement of German Reparation, involving a reduction in the total amount of her liabilities. The utmost concession, however, which Monsieur Poincaré would admit was the payment of the French War Debt to Great Britain and of that of the other Allies to France out of the problematical 'C' Bonds, which covered the last payments to be made by Germany under the Schedule of Payments of the 5th May, 1921. At the subsequent historic Conference of Paris in January 1923, the French attitude with regard to debts was the same—i.e. that France could only pay her debt to Great Britain after the devastated areas had been restored out of Reparation payments. The British proposals, in so far as they affected the debts, were that practically the total amount of the pre-Armistice debts of the European Allies to Great Britain should be remitted, only a small percentage being paid in the form of the transfer of part of the interest of France and Italy in the first series of German Reparation Bonds to Great Britain, and of their interest in the second (contingent) series to a pool to be employed in part payment of the debts of the European Allies to America. These proposals were never seriously considered in view of the deadlock which was reached on the main question of Reparation and the consequent break-up of the Conference. With the occupation of the Ruhr all discussion of Inter-Ally Debts ceased with the exception of a reference in the abortive Curzon-Poincaré

[1] For the full story of Anglo-French relations during this period see the *Survey for 1920–1923*, and particularly pp. 185–203. The official report of the two Conferences is contained in the British White Paper, *Cmd.* 1812 of 1923.

correspondence of August 1923[1] in which Lord Curzon reaffirmed the principles of the Balfour Note (with a hint of possible modifications as part of a general settlement of Reparation) and Monsieur Poincaré the position which he had taken up at the London Conference of December 1922.

It was not, therefore, until October 1923, when the negotiations which ultimately led to the adoption of the Dawes Scheme were begun, that Inter-Ally Debts once more came to the front.[2] In that month the British Government had approached the United States Administration with regard to its possible co-operation in an expert inquiry into the Reparation problem such as had already been suggested by Mr. Hughes, the American Secretary of State. Mr. Hughes, in an *aide-mémoire*,[3] agreed to American participation in the proposed inquiry provided that the question of Debts was not discussed, since the United States had always denied any connexion between Debts and Reparation. General discussions regarding the inquiry continued for some time between the various Allies, in the course of which the linking of Debts and Reparation was admitted on various occasions by Great Britain, France, and Italy, though it was generally recognized that, owing to the attitude of the United States, it could not be discussed in connexion with the Dawes Report which was presented on the 9th April, 1924, and put into operation after an international conference in London in August 1924.

In fact, in spite of the existence of more friendly relations between France and Great Britain under the Administrations of Mr. MacDonald and Monsieur Herriot, the debts question was not raised again until the meeting of Allied Finance Ministers in Paris in January 1925, when the subject of the American right to a share in Reparation payments was definitely settled. It was commonly held that the French admission of the American claim to such a share was intended to influence the American attitude towards the French debt, although the debts were never officially discussed at this conference. Informal discussions of great importance were held, however, between the British and French Finance Ministers, Mr. Winston Churchill and Monsieur Clémentel, with regard to the French debt to Great Britain.

It is possible at this point to review briefly the position of the three parties to this problem and to examine their points of agreement as well as their differences. The policies of the United States and France

[1] *Cmd.* 1943 of 1923: *Correspondence with the Allied Governments respecting Reparation payments by Germany.* See also *Survey for 1924*, Part IIA, Section (iv), p. 334.

[2] For this period see *Survey for 1924*, Part IIA, Section (v).

[3] The text of this document is given in *Survey for 1924*, pp. 497–9.

showed naturally the greatest divergences since they represented the extreme creditor and debtor attitudes,[1] while Great Britain had to retain a double outlook. The United States Government insisted on the principle of repayment in full, mainly on the ethical grounds of the sanctity of a contract and the inevitable consequences of war, but all appeals based on the existence of a 'common front' during the War were refused, whether they originated at home or abroad. The economic side was at first neglected, but the question of the capacity of the debtors to pay the full amount of their obligations gradually won recognition. Although, in a sense, this principle was latent in even the British settlement, since the period of payment was extended to sixty-two years instead of the twenty-five originally laid down by Congress, this and the eight following settlements with various small countries were never regarded in America as reflecting on the capacity to pay of the nations concerned. There was a guarded reference, it is true, in the *aide-mémoire* of Mr. Hughes, dated the 15th October, 1923, but the first official recognition was contained in the statement issued by the Debt Funding Commission on the 1st October, 1925, on the French debt negotiations. This contained the following passage:

> We believe it is fully recognized by the Commissions that the only basis of negotiations fair to both peoples is the principle of the capacity of France to pay. The nub (*sic*) of the difficulty of the two Commissions arises from a difference in judgment as to the future capacity of France to pay without, as we have stated, undermining her economic and social fabric.

It is curious, therefore, to find the Debt Funding Commission in its report for 1924/5 attempting a retrospective application of this principle in the following words:

> While the integrity of international obligations must be maintained, it is axiomatic that no nation can be required to pay to another government sums in excess of its capacity to pay. The commission in its settlement with Great Britain, made on June 19, 1923, and in subsequent negotiations or settlements has adhered to the principle that the adjustments made with each government must be measured by the ability of the particular government to put aside and transfer to the United States the payments called for under the funding agreement. Nor does the principle of capacity to pay require the foreign debtor to pay to the full limit of its present or future capacity. It must be permitted to preserve and improve its economic position, to bring its budget into balance, and to place its finances and currency on a sound basis, and to maintain and, if possible, to improve the standard of living of its

[1] It was only well on in 1927 that France made any serious effort to obtain repayment of the debts due to her from her Allies.

citizens. No settlement which is oppressive and retards the recovery and development of the foreign debtor is to the best interests of the United States or of Europe.

Great Britain, also, took her stand on ethical grounds in proposing an all-round cancellation of the debts. At the same time she clearly recognized from the beginning her moral obligation to repay America, if requested to do so. When this demand was actually made, she immediately complied with it, but it inevitably introduced a new principle of expediency into her relations with her own debtors. After her losses in the War, the British Government could not afford to be quixotic at the expense of her citizens and accordingly laid down the principle of demanding from her Allies only so much as, together with the sums to be received on account of Reparation, would suffice to cover her payments to the United States. In other words she desired neither gain nor loss from her transactions with her Allies, while bearing the whole cost of her own losses. The economic capacity of her Allies was not specifically taken into account when this policy was adopted but it played an important part in the individual negotiations later. It was hoped, moreover, that the remission of part of the debt would have the political effect of facilitating the collection of the remainder.

France paid lip service to the principle of the sanctity of obligations, but took her stand entirely on the question of her capacity to pay, supported by an appeal to her creditors as her old Allies. Her wealth had been impaired, partly by war and partly by her policy of monetary inflation in the post-war years, and sympathy was felt for her by all the Allies. An earlier expression, however, of her desire to meet her obligations would have greatly increased that sympathy (especially in the United States) and given her claim for special treatment a readier hearing in the various negotiations.

So far the differences only have been noted. Two common principles, however, may also be traced in the various policies. In the first place, all countries admitted the complete legality of the demand for repayment by their creditors. Individuals or groups in some of the debtor countries may have attempted to contest this view, but they were never supported by their Governments. The original obligations were unconditional promises to pay on demand, or at a certain period after the close of the War, the sums advanced, and in no case could it be proved that these advances were in the nature of gifts. Secondly, each Government regarded itself in the light of a trustee for its citizens, realizing that a remission of claims on its Allies meant that its own citizens would have to shoulder the burden,

while the repayment of sums due to it would allow a corresponding reduction in taxation.

(iv) The Period of Debt Settlements (1924–6).

This period lends itself to various methods of treatment, but the most convenient is to make first a chronological survey, examining afterwards the settlements as a whole in order to see how far they diverged from the principles laid down by the creditor nations. The completed settlements are given first, followed by those not yet negotiated, and these are further subdivided in each case into the settlements made by the United States and those made by Great Britain. It will be observed that some of the events described belong chronologically to the last period, but in so complicated a subject it is impossible to avoid some overlapping, whatever method be adopted.

It may be well to summarize briefly the groups into which the settlements fell. As the United States had adopted the principle of repayment in full, there was no reason on her side to delay the collection of the debts due to her, as soon as the necessary machinery in the form of the World War Foreign Debt Commission had been established in February 1922. With the exception, however, of Great Britain and Finland, there was no great anxiety manifested by the debtor nations to come to terms, and for a considerable period attempts to apply diplomatic pressure failed. In the course of 1924, three states signed agreements, but they were all new countries created by the Treaty of Versailles, which had merely been granted Relief Credits by the United States and which, having little or no national debt, could the more easily bear the burden of funding their liabilities. Early in 1925, however, the United States Administration evolved a fresh form of pressure. Since 1921 there had existed an arrangement by which American bankers notified the Administration before granting loans to foreign Governments, in case there might be official objection to such a course. It was now decided to be contrary to the best interests of the United States to allow debtor states (including municipalities and private enterprises in those countries) to borrow money in the United States until they had funded their debts. Accordingly bankers advising the State Department of their intention to make such loans were notified that objections existed. Whether as a result of this action or of the fresh application of diplomatic pressure which accompanied it, it must be recorded that all the debtor countries had by 1928 come to terms with the exception of Russia and Armenia (whose Government was not recognized by the United

States). France had signed an agreement and, though she had not ratified it in 1927, she continued to make payments under her agreement.

In Great Britain a certain delay was inevitable, since it was felt as a matter of practical politics that it would be well for the Dawes Plan to be safely launched before the question of Allied Debts was attacked. In December 1925 any hopes which may have existed amongst the debtor states of playing off Great Britain and the United States against one another were dashed by the statement of the Chancellor of the Exchequer that the British Government would expect any nation funding its debt to the United States to come to an agreement *pari passu* with the United Kingdom. Before any War Loan settlement was reached the minor problem of the Relief Debts, which all fell due on the 31st December, 1924, was settled. Of the War Loans proper, the first to be funded was that of Rumania in October 1925, the remaining debtors (except, of course, Russia) following suit in the course of the next two years. In the case of France an agreement was signed in July 1926, but had not been ratified by the French Parliament by the end of the year 1927.

Great Britain, like the United States, from 1925 onwards also brought pressure to bear upon her debtors by preventing them from raising further loans in London until their War Debts had been funded. This embargo, which applied to municipalities and private enterprises as well as to the Governments concerned, was purely informal, bankers being given to understand that such issues would not be regarded with favour. The only public statement was an indirect reference in a speech by Mr. Winston Churchill (then Chancellor of the Exchequer) at Sheffield on the 3rd November, 1925.

It was not until August 1927 that France took steps to secure the funding of the War Debts due to her, but the principles on which she intended to act were not then made public. Italy had then settled with Rumania alone of her debtors.

(*a*) COMPLETED SETTLEMENTS WITH THE UNITED STATES

It has already been stated in the previous section that the British Mission under the leadership of Mr. Baldwin, which visited Washington in January 1923, was successful in negotiating a settlement. It will be recalled that the American Act of the 9th February, 1922, had laid down that the whole capital amount of any debt must be repaid within twenty-five years and bear interest at the rate of $4\frac{1}{4}$ per cent. per annum. Both these conditions were contested by the British delegation, which proposed a longer period and a lower rate of interest as being more in accordance with current market rates.

Finally a compromise was reached and an agreement[1] was drawn up which was referred by Mr. Baldwin to the British Cabinet and accepted on the 31st January, 1923. It was also approved by Congress on the 28th February, 1923, a special Act being necessary to amend the original Act of the 8th February, 1922. Under the terms of this agreement, which was actually signed on the 19th June, 1923, the principal sum was fixed at $4,600,000,000, which represented an original obligation of $4,074,800,000, together with $629,800,000, being interest at 4¼ per cent. up to the 15th December, 1922, but less payments already made of $100,500,000 and a payment to be made in cash of $4,100,000. Repayment was to be made over a period of sixty-two years and interest was to be paid at the rate of 3 per cent. for the first ten years and at 3½ per cent. thereafter. Great Britain retained the right to fund half the amount payable on account of interest for the first five years, to anticipate payment and to make payments in United States Government bonds issued after April 1917 at their par value. On the other hand, she undertook to convert the bonds to be given into bonds of smaller denominations, suitable for public issue on the American market, at any time, if required to do so by the United States. This settlement involved annual payments of $161,000,000 (about £33,000,000) from 1923 to 1932 and of about $185,000,000 (say, £38,000,000) from 1933 to 1984. Needless to say, the terms of this contract were punctually carried out.

Subsequent agreements were all based on that signed by Great Britain. The capital amount was invariably calculated in the same way,[2] but the terms were never so onerous with the exception of certain of the Relief Credits which formed practically the only foreign debt of some of the new states. Thus, Finland on the 1st May, 1923,[3] funded her post-war debt at the figure of $8,282,000 on similar terms to those accepted by Great Britain, and was followed by Lithuania (22nd September, 1924). Poland, on the 14th November, 1924, reached a settlement, the main outlines of which were the same, but which allowed for a 75 per cent. rebate in the amount payable up to the end of 1929, the difference being funded for payment during the later years. This Polish agreement served as a model for that with Latvia (24th September, 1925), Estonia (28th October, 1925),

[1] For text see Appendix No. II, p. 474 below.

[2] i.e. interest was calculated at 4¼ per cent. up to the 15th December, 1922, and at 3 per cent. thereafter.

[3] The dates given for all agreements are those of the actual signatures, although approval by Congress and ratification by the Parliament of the debtor state only took place later.

and Rumania (4th December, 1925—although the period of rebate was fourteen years in this case).

On the other hand, those nations which had borrowed from the United States for the actual prosecution of the War were able to obtain terms more in accordance with their capacity to pay. France and Jugoslavia had both entered on negotiations in the autumn of 1922, but they proved abortive, so that Belgium was the next War Debtor after Great Britain to fund her debt—on the 18th August, 1925. The position of Belgium was somewhat peculiar. At a critical period of the Peace Conference Belgium had demanded, under threat of withdrawal from the Conference, a prior claim on German Reparation of $1 milliard in respect of her War damages, as well as the payment by Germany of a sum of 6·2 milliard gold marks for the redemption of paper currency issued during the occupation and the cancellation of her War Debts to France, Great Britain, and the United States. Largely on President Wilson's representations, she had agreed to accept a priority of 2,250,000,000 gold francs out of Reparation, to withdraw her currency reimbursement claim and to allow the collection of her War Debts by the three Powers direct from Germany. A letter was accordingly signed by the heads of the three delegations in which they undertook to submit this agreement to their Parliaments for ratification, and special provisions (in Article 232) were added to the Treaty of Versailles. The agreement was subsequently ratified by the French and British Parliaments but not by Congress. As a result the 'American' share of the amount allocated to Belgian War Debts (which was fixed after the coming into force of the Dawes Plan at 5 per cent. of the receipts on account of Reparation) was being paid direct to Belgium. The Debt Funding Commission, however, recognized that Belgium had a moral, though not a legal, grievance, and by the agreement signed on the 18th August, 1925, the Belgian debt was divided into two parts. The pre-Armistice debt of $171,780,000 was made repayable over a period of sixty-two years, but no interest was charged. The post-Armistice debt of $246,000,000 was also made repayable over a period of sixty-two years with interest at a rate which was to rise from two-thirds of 1 per cent. in the first year to 1 per cent. in the tenth year and thereafter was fixed at $3\frac{1}{2}$ per cent.

Czechoslovakia signed a funding agreement on the 13th October, 1925, for an amount of $115,000,000 to be repaid over a period of sixty-two years with interest at 3 per cent. for the first ten years and at $3\frac{1}{2}$ per cent. thereafter, the annual payments, however, for the first eighteen years being reduced to $3,000,000 and the difference

funded. In the case of Italy (14th November, 1925) her weak economic condition was recognized and, although the total amount of $2,042,000,000 was to be repaid in sixty-two years, the payments for the first five years were very low. No interest was charged for five years, after which it was payable for ten years at one-eighth of 1 per cent., rising thereafter by small amounts till 2 per cent. became payable during the last seven years. Similar terms were granted to Jugoslavia on the 3rd May, 1926, the earlier capital payments being small and interest, after a complete remission for twelve years, rising gradually from one-eighth of 1 per cent. in the thirteenth, to the full amount of $3\frac{1}{2}$ per cent. in the thirty-sixth year.

In the case of France the negotiations were long drawn out, and the final agreement signed on the 29th April, 1926, although approved by Congress, had not (in 1927) been ratified by the French Parliament. The instalments had, however, so far been paid as they fell due. After Monsieur Parmentier's demonstration in the autumn of 1922 nothing of importance occurred until the arrival of a mission under Monsieur Caillaux, the then Minister of Finance, in September 1925. His first proposals amounted to little more than the repayment of the principal sum over a period of sixty-two years. The American reply offered, on the basis of an amount to be funded of $4,025,000,000, repayment over sixty-two years with interest at half of 1 per cent. in the first year, increasing by $\frac{1}{4}$ per cent. yearly to the full amount of $3\frac{1}{2}$ per cent. in the thirteenth. The French counter-proposal suggested payment in full over sixty-eight years with interest on a basis of slightly under 1 per cent. per annum, and included a 'safeguard' clause by which these payments were made dependent on the payment of Reparation by Germany. The Debt Funding Commission, thereupon, proposed a temporary settlement of an annual interest payment of $40,000,000 for five years, with a reconsideration of the whole position after that period. The French delegation then retired to consult their Government. On the 23rd January, 1926, Monsieur Bérenger, the French Ambassador in Washington, reopened negotiations and an agreement was signed on the 29th April by which France agreed the amount due at $4,025,000,000, after a cash payment of approximately $386,000, and undertook to repay this sum in sixty-two years with an important rebate for the first seventeen years. Interest was to begin, after a moratorium of five years, at 1 per cent. per annum and to increase gradually to $3\frac{1}{2}$ per cent. after forty years. No 'safeguard' clause was included.

Liberia, Nicaragua, and Cuba made arrangements of one form or another, and a special postponement until 1943 was granted to

Austria which, although an enemy state, had been granted Relief Credits by the Allies in the interests of European stability.

(*b*) COMPLETED SETTLEMENTS WITH THE UNITED KINGDOM

Great Britain, like the United States, found it easier to come to terms with regard to Relief Credits than with regard to War Debts. Thus Latvia and Lithuania repaid in full by January 1925 the small amount of their Relief Debts. The remainder of the Relief Debts were funded over short periods during the course of that year except the Austrian debt, postponed till 1943, the Serbian debt, funded in 1927, and the Armenian debt. The other post-war debts (for stores and repatriation) were also funded. Czechoslovakia arranged in November 1925 to liquidate her debt of £826,520 incurred for the repatriation of prisoners by ten annual amounts of £106,000. Her Wheat Loan of £1,901,000 was repaid in full and her Relief Credit of £473,000 was to be repaid in five annual instalments. The remainder of these debts were funded on terms which allowed for repayment of the capital sum together with interest at 5 per cent. over periods varying from five to twenty years.

Rumania was the first of the War Debtors to fund, in October 1925, her debt of £18,448,000 on terms which required a payment of £50,000 in the year 1926, rising gradually to an annuity of £250,000 for the years 1930–4, of £275,000 for 1935–44, of £500,000 for 1945–66 and of £750,000 for 1967–87, or a total of £31,250,000[1] over a period of sixty-two years. A clause was inserted requiring *pari passu* treatment for Great Britain in the event of Rumania granting any other creditor more favourable terms.

Italy was the next to come to terms with regard to her debt, in January 1926, the agreement[2] providing for a payment over a period of sixty-two years, beginning with £2,000,000 in 1925–6 and £4,000,000 in 1926–7, the maximum of £4,500,000 being reached in 1928–9. The total (gross) amount to be paid was thus £276,750,000 as compared with an original debt of £369,824,000 which had increased to £560,000,000 at the date of funding. In addition there was a clause providing for a possible postponement for two years of a proportion of the payments after 1928 and, of greater importance, for a proportionate reduction in the amount payable should the total sums received by Great Britain on account of Reparation and Inter-

[1] The present value of this and of the other total payments given hereafter, though difficult to compute exactly, was, of course, far less. See pp. 127–8 below for an estimate of the present value expressed as a percentage of the capital sum owing in the case of France and Italy.

[2] *Cmd.* 2580 of 1926.

Ally Debts exceed the amount to be paid by her to the United States. The sum of £22,200,000 deposited by Italy in gold during the War was to be repaid by Great Britain in instalments from 1928 to 1987.[1]

This settlement encouraged France, who had already been carrying out negotiations at intervals for a considerable time. It will be recalled that, at the meeting of Finance Ministers in Paris in January 1925, the question was discussed unofficially. At the close of that meeting Monsieur Clémentel addressed to Mr. Churchill a letter dated the 10th January, 1925,[2] asking whether the policy of Great Britain was still that laid down in the Balfour Note and Lord Curzon's note of August 1923. An official reply on the 6th February[3] confirmed the principles of the Balfour Note but declared that Lord Curzon's note, having been written under special circumstances, was no longer applicable and added that, in allotting the proportion of the total sum required by Great Britain among the Allies and Germany, it would be unwise to count upon the full amount of the payments under the Dawes Scheme. It proposed that France should pay a fixed amount on her sole credit with an additional sum to be made dependent on Reparation payments. Direct negotiations followed with Monsieur Caillaux in London in July 1925. Mr. Churchill's first proposal of an annual payment of £20,000,000 over a period of sixty-two years was rejected by Monsieur Caillaux who, in his turn, proposed an annuity of £10,000,000. Mr. Churchill countered with an offer of £16,000,000, of which only a small proportion was to be dependent on Reparation payments. A compromise was finally reached on the basis of sixty-two annual payments of £12,500,000 with a partial moratorium for the first five years and a vague exchange safeguard clause and one ensuring *pari passu* treatment with America. Monsieur Caillaux, however, had no authority to conclude a definite agreement and the overthrow of the French Government followed soon after his return to France. No further negotiations took place until May 1926, when Monsieur Péret was Minister of Finance. In spite, however, of the high hopes raised in France by the Italian settlement with Great Britain, which had meanwhile been concluded, it was found impossible to come to terms and it was not until the 12th July, 1926, when Monsieur Caillaux was once more

[1] For the reason for the deposit of this gold by Italy and for the similar deposit by France, see p. 100 above. The actual gold had been employed, as originally arranged, in support of the Allied exchanges, but continued to appear in the returns of the Central Banks of the countries concerned. Hence the special arrangements made in the debt settlements.

[2] See *The Times*, 16th January, 1925. [3] *Ibid.*, 9th February, 1925.

Minister of Finance, that an agreement was reached[1] whereby France undertook to pay a sum of £4,000,000 in 1926–7 rising by £2,000,000 per annum up to £10,000,000 in 1929–30. From 1930–31 to 1956–7 she was to pay £12,500,000 per annum and for thirty-one years thereafter £14,000,000 per annum. She would, therefore, pay over a period of sixty-two years a total amount of £779,500,000 (an average of £12,900,000 per annum) as compared with an original capital sum of £446,226,000 and an amount at the date of funding of £600,000,000. There were also clauses similar to those in the Italian agreement providing for the possible postponement at any time of one-half the annual payments for three years and for an adjustment in the event of Great Britain receiving a total sum greater than that required to pay her debt to the United States. The gold deposit of £53,500,000 was to be retained by the British Government pending a separate agreement, a similar sum being set aside out of the capital amount due from France on which no interest would be payable. There was no 'safeguard' clause but there were printed, as an annexe, two letters exchanged between Monsieur Caillaux and Mr. Churchill in which the former reserved to the French Government the right to ask for a revision of the terms in the event of receipts from Germany falling to less than half the payments due under the Dawes Scheme, Mr. Churchill in reply acknowledging the right but declining to commit the British Government with regard to their attitude in the event of such a request being made. At the end of the year 1927 this agreement had not yet been ratified, but the French Government had so far regularly adhered to the scale of payments laid down.[2]

Portugal followed suit in December 1926 with regard to her original debt of £15,600,000, which had by then increased to £20,100,000. Payment of £125,000 was to be made in 1926, rising by degrees to £350,000 in 1929. After remaining at that figure for ten years, it would rise to £400,000 for a further fifty years. The total amount, therefore, to be paid would be £23,975,000. Greece, in April 1927, agreed to meet an original debt of £16,400,000 which had increased to £21,000,000, by an initial payment of £50,000 rising to an annuity of £350,000 from 1931 to 1935 and one of £400,000 from 1936 to 1987, making a total payment of £23,550,000. Similarly Jugoslavia in

[1] *Cmd.* 2692 of the 13th July, 1926.

[2] The British and American debt agreements had never come up for ratification in the French Chamber as it had always been clear that, in the actual state of French public opinion, they would be rejected. The Government, however, had insisted, in the face of strong opposition from the parties of the Left, upon its right to make the earlier payments under these agreements without the agreements themselves having been ratified.

July 1927 accepted terms whereby the amount of the War Debt was fixed at £25,600,000 including interest (originally £22,400,000 without interest), which was to be paid over a period of sixty-two years by annuities which were to increase from £150,000 in 1927 to £600,000 from 1942 to 1988. The payments in the earlier years were fixed especially low in order to allow for payments on account of the Relief Debt of £2,068,843 which was to be liquidated by fifteen annual payments rising from £100,000 in 1927 to £240,000 from 1932 to 1941.

(c) UNFUNDED DEBTS

In the case of America the countries which had not yet come to terms in 1928 were Armenia and Russia. Armenia had been absorbed by Russia, in which country the existing Government was not recognized by the United States, so that no negotiations could take place. Austria, as already stated, had been granted a moratorium until 1943.

Great Britain had failed to obtain terms from Russia alone of her War Debtors. In the treaty which was signed on the 8th August, 1924, but never ratified, the question was specially reserved for later discussion.

(v) A Comparison of the Settlements.

If the settlements are compared with the principles laid down by the two creditors, some interesting results will be obtained. The United States Government laid down originally that the capital sum must be repaid within twenty-five years with interest at $4\frac{1}{4}$ per cent. and that debts must not be cancelled nor transferred from one debtor to another. Subsequent modifications were introduced to extend the period of repayment, to allow of a lower rate of interest, and to admit the principle of payment according to capacity. Actually the provisions with regard to cancellation and transfer were observed. Repayment in full of the capital amount was exacted in all cases over a period of sixty-two years, concessions being limited to the rate of interest payable. The highest rate of interest for War Debts was that applied to the case of Great Britain, i.e. 3 per cent. for the first ten years and $3\frac{1}{2}$ per cent. thereafter. This represented an average rate of interest of $3\frac{2}{5}$ per cent. France came next with an average of $2\frac{1}{3}$ per cent.; then Belgium with 2 per cent., and Italy with a little over 1 per cent. This discrimination applied mainly to the real War Debtors. In the case of entirely post-Armistice borrowers a rate of interest similar to that paid by Great Britain was exacted, but concessions were made to certain countries in the matter of the earlier payments whereby reductions were allowed up to as much as 75 per

cent. of the annual payments for periods varying from five to eighteen years, the balance being funded over the remainder of the period.

A further principle laid down by the United States was that debt payments must not be dependent on Reparation and much stress was laid on the removal of the 'safeguard' clause from the Franco-American agreement. In this narrow form the stipulation was carried out. At the same time it is clearly impossible to separate entirely these two transactions, since the total wealth, and consequently the margin available for debt payments by any of the Allies on the basis of payment according to capacity, would necessarily vary with the amount of Reparation received by that country from Germany. This was especially true of France, which not only received the lion's share of Reparation payments, but also asked for considerable remissions on the ground of her strained economic condition. Such a standard of ability to pay must, of course, be largely illusory when it is considered that the payments were to be continued for three generations. Even in normal times the difficulties of assessment on such a basis would be enormous, but in the years following a European War on the recent scale they became insurmountable.[1]

One further point of the same sort calls for comment. Comparison has been made between the rates of interest actually to be paid by the various debtors and the rate originally laid down by law. If it is impossible to estimate the economic capacity of a nation over sixty-two years, can the average cost of money during a similar period be forecast? In 1927 the general trend seemed to be in a downward direction, and Mr. Mellon, in May 1926, suggested that the average rate at which the United States Government would probably be able

[1] The difficulty of assessing capacity to pay is further emphasized by the following figures in relation to the United States debt settlement (taken from a statement made by the Secretary of the U.S. Treasury to the Ways and Means Committee of the House of Representatives, 20th May, 1926):

Percentage of Debt Settlement to:

	Total Budget expenditure.	*Total foreign trade.*	*Total national income.*
Great Britain	4·60	1·90	0·94
Belgium	3·50	0·88	0·80
Italy	5·17	2·87	0·97
France	7·33	2·64	1·47

No notice is taken of course in the above table of the debt settlements in favour of Great Britain which approximately double the Italian figures and increase the French percentage of the Budget expenditure to 11·33 and of the national income to 2·47. On the other hand, the annuities to be received from Great Britain, France, and Italy amount to less than ½ per cent. of the national income of the United States and about 3 per cent. of her total foreign trade.

The table also ignores the fact that Great Britain includes Reparation Receipts in her Budget, while the other countries exclude Reparation Receipts from their Budgets.

to borrow money during the next sixty years would be nearer 3 per cent. than $4\frac{1}{4}$ per cent.[1] It would seem, however, that whatever rate was chosen would have been more or less arbitrary.

A comparison in the case of Great Britain is more difficult. In the Balfour Note it was laid down that she would not demand from Germany and her Allies together in respect of War Debts more than she had to pay to America. Owing to the uncertainty of the amount and duration of future Reparation receipts any attempts to compare the present value of the British receipts from Debts and Reparation with the British payments to the United States Government are of little value. Up to the 31st October, 1927, Great Britain had paid over £200,000,000 to the United States and received some £65,000,000 only from Reparation and Allied Debts, owing to the later dates of the majority of the settlements with Great Britain, but this was due to be rectified to some extent in the years after the repayment of the American debt had been completed. It is possible, however, to make some comparison of the annuities to be paid. For 1927–8 the annuity to be paid by Great Britain to the United States was about £33,000,000, while she was entitled to receive from her Allies about £10,700,000 and from German Reparation £14,300,000, giving a total of only £25,000,000. In a normal year, however, i.e. from 1930–31 onwards, she should receive about £18,000,000 from her Allies. The maximum amount to be paid under the Dawes Scheme would then be in force, namely about £22,000,000, but it would probably not be safe to count on more than £15,000,000.[2] She would, therefore, receive a probable total of about £33,000,000 with a maximum of about £40,000,000 and pay £38,000,000 from 1933 onwards. There was added to each agreement a clause requiring reduced payments to be made by the Allies to Great Britain, if necessary to preserve the Balfour Note principle, but for this purpose past deficits would, of course, have to be set off against any current surplus. If, therefore, it be recognized that the main principles of the Balfour Note were carried out, the question of payment *pari passu* with payment to the United States comes up for consideration. It will be found that where the debts are at all comparable this principle also was observed. Thus, the present values of the payments to be made by France to the United States and to Great Britain on a 5 per cent. basis as at the 15th June, 1925, were 42 per cent. and 38 per cent. respectively

[1] Statement to the Ways and Means Committee of the House of Representatives, 20th May, 1926.

[2] See the speech by the Chancellor of the Exchequer in the House of Commons on the 24th March, 1926.

of the capital sums owing. The only important exception would seem to be Italy, who undertook to fund her debt to America on terms which made the present value 21 per cent. of the capital amount while the present value of her settlement with Great Britain was only 14 per cent. On the other hand, Great Britain was to receive more in the earlier years, so that, should any revision take place at a later date, her total receipts would probably ultimately be greater.

The linking of Debt and Reparation payments was avoided as far as possible. In no case did a debtor obtain the right to reduce its payments to Great Britain because of a falling off in its own receipts from Germany, although arrangements were made in all cases for a possible postponement of earlier payments in order to meet transfer difficulties. In the case of France, however, the French Finance Minister in a separate letter claimed the right to ask for a revision in the event of a 50 per cent. decrease in payments to France under the Dawes Scheme.[1]

A further principle which played a most important part in practice was that of capacity to pay. Although never officially laid down, it formed the background of all the individual negotiations. It would seem, therefore, that the net result of taking into account (1) the terms of the Balfour Note, (2) the economic capacity of the debtor to pay, and (3) the *pari passu* principle, while also separating Debts from Reparation, was that the Allied War Debts to Great Britain were all funded on a basis such that the present value at 5 per cent. of the annuities was, roughly speaking, equal to $33\frac{1}{3}$ per cent. of the net debts at the date of funding, with the single exception of Italy. This seems to show how much importance was attached to the consideration of treating all debtors fairly as between themselves. In the case of Italy the present value of the annuities only equalled 14 per cent. of the debt at the date of funding.

If the respective positions of the United States and Great Britain are examined even more interesting results are shown. There are two ways of making such a comparison, though for various reasons neither is completely satisfactory. In the first place the original amount of the loans may be taken, but it must be borne in mind that the different methods adopted by the British and American Governments in calculating those amounts makes strict comparison impossible. Still, if these figures be taken, it will be found that the total advances by the United States amounted to $10,338,000,000 (as at the 30th June, 1919), of which Great Britain had received $4,277,000,000 or 41 per cent. and the other Allies $6,061,000,000

[1] See p. 124 above.

or 59 per cent. On present values,[1] out of a total to be repaid of $4,525,000,000 or 43 per cent. of the original advances, Great Britain was to repay $3,297,000,000 or 72·5 per cent. and the other Allies $1,228,000,000 or 27·5 per cent. Great Britain had advanced about £1,400,000,000 to her Allies (excluding the Belgian pre-Armistice debt) and was to receive £323,800,000 or under 23 per cent., although she was paying 77 per cent. of her own debt. If, on the other hand, the totals of the loans as at the dates of funding be taken, different results will be obtained, but their value is impaired by the wide variation in the dates of funding with proportionate differences in the amount of interest included in the total sum. On this basis the total advances by the United States amounted to $11,523,000,000, of which Great Britain had received $4,600,000,000 or 40 per cent. and the other Allies $6,923,000,000 or 60 per cent. The amount to be repaid was[2] $4,525,000,000 or 39 per cent. of the total, of which Great Britain was to repay $3,297,000,000 or 28·5 per cent. and the other Allies $1,228,000,000 or 10·5 per cent. Great Britain herself had advanced to her Allies (excluding the Belgian War Debt) £2,039,000,000 at the dates of funding and was to receive £323,800,000 or 16 per cent., while she was paying 72 per cent. of her debt to America. It may also be remarked as an interesting analogy, if no more, that while the present value of the German payments under the Dawes Scheme was estimated at £1,859,000,000, the present value of the total amount to be received by the United States on account of debts from her Allies and from Germany was £1,206,000,000 or some 65 per cent. of the former sum. In the result, therefore, the greater part of the payment intended to repair the damage sustained by Europe in the War would go directly or indirectly to America, leaving only some £700,000,000 in Europe for that purpose.

There remained, however, certain points around which spasmodic discussion continued to rage. Some involved questions of principle which were settled by the different countries in different ways, while others were of comparatively little importance. The most important were discussed in the Mellon–Churchill controversies of the summer of 1927, which, although chronologically outside the period of this volume, may conveniently be recorded here. In March, Mr. Mellon, in replying to a letter addressed to him by certain Professors of Princeton University on the subject of the debts, made two statements which led to the dispatch of a note addressed by the British to the United States Government. It was stated first of all by Mr. Mellon that the United States had advanced all the money required by

[1] On a 5 per cent. basis.

[2] Present values on a 5 per cent. basis.

France and Great Britain in America and had also paid in cash the dollars necessary to meet expenses connected with the maintenance of American troops in those two countries during the War, implying that such dollars had been retained by the two Governments concerned. This was refuted in the British note, which declared that all such dollars were taken into account when the British and French Governments asked for fresh advances in America, and the following quotation was made from an article in *Foreign Affairs*[1] by Mr. Rathbone, who was Assistant Secretary of the United States Treasury during the War.

> The dollars thus obtained by Great Britain, France, and Italy were applied by them towards the cost of their war purchases here, and thus the amount of the dollar loans required by these countries from our Treasury was diminished in a corresponding sum.

The second statement to which objection was taken was to the effect that Great Britain would receive substantially more annually from Germany than she would pay to the United States. This statement was challenged in the British note and Mr. Mellon subsequently admitted that Great Britain had been included among the other debtors owing to a typing error.

In July 1927 Mr. Mellon made the following reference to the purpose of part at least of the British loans from America:

> It must be remembered that England borrowed a large proportion of the debt for purely commercial, as distinguished from war, purposes, to meet commercial obligations maturing in America, to furnish India with silver and to buy food to re-sell to the civilian population, in order to maintain the exchange. American loans to England were not so much to provide war supplies as to furnish sterling for home and foreign needs, and to save England borrowing from her own people.

A British Treasury communiqué dealt with these charges, pointing out that the supply of the civilian population was as necessary to the prosecution of the War as the supply of the army in the field, and that the silver advances were always regarded as a separate transaction and were repaid by 1923. With regard to strict commercial maturities only $354,000,000 were expended in America for this purpose between April 1917 and June 1919, during which period Great Britain spent $4,000,000,000 of borrowed money and $3,000,000,000 of her own. The last charge was subsequently dropped.

The question of 'commercial' as opposed to 'political' debts was an extremely difficult one and was bound up with the question of pre- and post-Armistice loans. Under modern conditions it had clearly become

[1] *Foreign Affairs: An American Quarterly Review*, issue of April 1925.

impossible to distinguish between civilian and military needs during a war. The manufacture of munitions and the consequent organization of the whole civilian population had made the question of civil *moral* one of vital importance. But the main evidence of the good faith of Great Britain must lie in the fact that the purposes for which all advances were required were approved by the United States Treasury before the advances were authorized.

In the case of France a further element of confusion had been introduced by the fact that part of the post-Armistice debt for the purchase of surplus stores, &c., was officially regarded as commercial debt, on which the interest, amounting to $20,000,000 per annum, was regularly paid. Under the Mellon–Bérenger agreement, however, this item was merged with the political debt and the annual sum of $30,000,000, which France paid voluntarily in accordance with that agreement, included $20,000,000 for interest on her commercial debt. It is, however, incorrect to regard all post-Armistice debts as commercial in this sense, since a large proportion of the advances made after the Armistice were made admittedly for the payment of munitions delivered after the Armistice under existing contracts which it had not been possible to cancel. Thus, of the British debt to America of $4,277,000,000, only $379,000,000 was advanced after the Armistice, and of this sum $172,000,000 was employed in paying interest on the pre-Armistice debt, leaving only $207,000,000 for expenditure on existing commitments.

(vi) Problems of the Future.

There remained outstanding, at the end of 1927, certain problems the full difficulty of which would only be felt at a future date. At the same time an early realization of their existence was important.

(*a*) Reparation Payments in their relation to Debts

However much the principle of separating Debts and Reparation might have been carried out on paper it seemed likely that anything approaching a complete failure of Reparation payments, whether by Germany or through difficulties of transfer, would lead to a determined attempt by some, at least, of the European debtors to secure a revision of the terms of their own debt settlements. It was clearly impossible to prophesy as to the probability or the reverse of such a failure of Reparation. It must suffice to say that such a possibility had been envisaged by responsible statesmen.[1]

[1] See for example the speech of the British Chancellor of the Exchequer in the House of Commons on the 24th March, 1926.

(*b*) Financial Capacity of the Debtors

More important considerations, however, than that of Reparation payments must be taken into account. The payment of inter-Governmental debts in general involved two distinct problems, that of internal financial capacity and that of the exchange, or the transfer of the funds from one country to another. It was necessary first of all that the Government of the debtor country should be able to obtain from its citizens by taxation or otherwise the sum required for the service of the foreign debt. In the case of Great Britain the service of her War Debt to the United States amounted to about 4·6 per cent. of the total Budget expenditure and approximately 1 per cent. of the national income. Even at a time of heavy taxation this would not seem to be an impossible proportion. In the case of France it was impossible to make any effective comparison of this sort, since in 1927 she was still only recovering from a state of currency chaos and beginning to tax her citizens at a rate equal to that in force in other of the late belligerent countries, and the full effects would not be apparent for some time. It was important, on the other hand, to remember that changes in the value of the currency of a country eventually react on the price level and do not affect the real burden of the external, as distinct from the internal, debt. The position of Italy was approximately similar to that of France, except in so far as her undeveloped national wealth was probably not so great. In neither case, however, had there been any serious indication that the burden imposed by the Debt Settlements was one which the country could not bear.

(*c*) The Transfer Problem

Even if the financial ability of the debtors to pay were admitted, the real crux remained. The transfer of wealth from one country to another could in the long run only be carried out in one of three ways—in the form of goods, by the shipment of gold, or by the rendering of services. In dealing with sums of the magnitude of the war loans, gold as a means of payment might be ruled out. There remained goods (which might take the form either of a reduction of imports or of an increase in exports) and services. The existing settlements required the annual transfer of funds equivalent in value to approximately 1·9 per cent. of the total foreign trade in the case of Great Britain, 2·75 per cent. in the case of France, and 2·5 per cent. in the case of Italy. That is to say that Great Britain must either reduce her imports or increase her exports to that extent, while

France and Italy would be proportionately affected in the same way. Recent European experience had shown how great might be the economic disturbance created in a country by sudden changes in the volume of its imports and exports.

Equally important, however, was the effect on the creditor country. Great Britain, it was true, was equally debtor and creditor under the settlements and should in theory be unaffected in the long run. Actually, in view of the fact that the United States was now a great 'creditor' nation in international trade, it would be more difficult for Great Britain to pay her debts to the United States than it would be for the other Allies to pay their debts to Great Britain. The United States could only receive payment in goods and services. As far as goods were concerned she was engaged in rapidly developing and building up her own industries, and was unwilling to endure foreign competition. She had, therefore, erected a protective tariff which made it extremely difficult for her debtors to pay their debts by the transportation of goods, with the exception of certain raw materials, such as rubber, which could not be produced in quantity in America.

Payment might also be made by services, such as shipping, banking services, loans, and other 'invisible' items in the balance of trade. It was difficult to increase suddenly the value of the majority of these items, but, given the desire on the part of the creditor country, the extension of foreign loans formed at first sight an easy solution of the problem, since the foreign currency resulting from their conversion into the currency of the borrowing country provided the latter with the means of paying its existing debts, while the proceeds after conversion were available to assist the industries of the borrowing country and so to increase its exports. In this way much valuable help had been given towards the reconstruction of Europe, where the accumulated wealth of the belligerent countries had been greatly decreased by the War. At the same time it was clear that the growing burden which it imposed on the borrowing countries, if the service of these new loans was to be maintained, must sooner or later put a stop to this system. It was estimated that from December 1923 to December 1926 United States loans to Europe increased from $1,300,000,000 to $3,010,000,000. It affected the question of War Debts particularly, since none of the Debt Settlements contained any clause requiring priority of payment over the service of other loans, even if such a principle were practicable of application.

Sufficient has been said to show that the question of War Debts

had not yet been solved at the end of the year 1927. Agreements had been signed and annual payments made but the economic problem of transfer remained.

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PART II

EUROPE

A. WESTERN EUROPE

The International Steel Cartel

THE interest aroused in the formation of the International Steel Cartel on the 30th September, 1926, was due not only to the introduction of an international agreement in such a vital industry as the steel industry, but also to the fact that the agreement differed in many marked respects from such international agreements as had been arrived at before the War. These agreements, which had covered very widely diverging industries, such as rails, wire, cement, zinc, plate glass, sewing cotton, chemicals, electrical engineering, &c., had been based on the principles of allocation of markets and/or the regulation of prices, exchange of patents, regulation of production, and expansion of productive plant. Not all of these principles had been embodied in the same agreement but variations of them, suited to the conditions of the industry and the nature of the product concerned. In the International Steel Agreement of 1926 no provision was made for any control of prices nor was there any mention of apportioning markets among the different signatories: in fact, although at the time when negotiations for the International Steel Agreement were taking place, negotiations were also proceeding for fixing the amount of iron and steel to be exported to Germany from Lorraine, Luxembourg and the Saar, the actual agreement contained no clause providing for the mutual protection of the signatories' home markets, and the limited form of protection referred to was embodied in a separate agreement.

The ruling principle of the agreement was to check the over production of iron and steel that had recently prevailed by penalizing output beyond a given 'quota' for each participating country, and by making it worth while, within limits, to produce less by paying compensation to those countries which had not produced up to their quota. There were various factors to account for the difficult times through which the iron and steel industry had been passing, but the one factor which was fundamental and which overrode all others was the fact that for the greater part of the post-war period capacity for production had greatly exceeded 'effective' demand, although there were reasons for thinking that capacity did not exceed potential demand. In Great Britain the steel making capacity was expanded by at least

50 per cent. in order to meet war needs. In France, on the other hand, a great proportion of the area in which the iron and steel works were situated had been either occupied by the enemy or within range of the enemies' gunfire, so that 63 per cent. of the French iron and steel industry was out of commission during the War. France attempted to compensate herself for this, to some extent, by building new works in the non-invaded area and also by importing largely from Great Britain and America; but as soon as the War was over she very naturally proceeded to rebuild the devastated areas, and by 1926 the French steel-making capacity, even within the 1913 boundaries, was considerably in excess of the pre-war figure, while in addition the iron and steel works of Lorraine had been acquired under the Peace Treaty. In Belgium, where practically all the iron and steel works were razed to the ground, new works were built, larger and better equipped than the pre-war works, so that Belgian production rose to 50 per cent. in excess of that of 1913. It was only natural that Germany, having lost Lorraine, Luxembourg and the Saar, should endeavour to make good this loss by extending existing works and by building new ones within her contracted borders; in 1927 Germany produced in her post-war area 4,000,000 tons more steel than were produced in the same area in 1913, the total production of 16,000,000 tons being equal to that of pre-war Germany in 1913.

During or since the War, therefore, the capacity of all producing countries had considerably increased until world capacity for producing iron and steel had come to be probably more than 40 per cent. higher than it had been before the War, yet in 1924, when the first discussions which ended in the International Steel Agreement took place, the actual world production of steel barely exceeded the production of 1913, in spite of the fact that the United States showed a 20 per cent. increase.

The table on page 137 shows the production of steel by the chief producing countries in 1913, and in each of the four years ending with 1927, compared with capacity in 1927.

It is quite clear from these figures that without some form of international control competition for the available demand was bound to be exceptionally keen, and the potential demand was held in check by currency instability, alterations of frontiers, tariff barriers, the impoverishment in consuming countries due to the War, and other causes.

The International Steel Agreement was signed on the 30th September, 1926, by representatives of Germany, France, Belgium and Luxembourg and came into effect immediately. The idea of regulating output internationally seems to have arisen first of all in

Germany, and was the definitive outcome of the persistent efforts of Germany to improve the position of her iron and steel industry.

World Capacity and Production of Steel Ingots and Castings 1913, 1924 *to* 1927
(In millions of tons)

	Capacity	*Production*				
	1927	1913	1924	1925	1926	1927
United Kingdom	12·00	7·66	8·20	7·39	3·60	9·10
Germany	17·00	17·32(*a*)	9·68	12·00	12·15	16·05
France	9·50	4·61	6·79	7·33	8·30	8·14
Belgium	4·00	2·43	2·83	2·51	3·32	3·65
Luxembourg	2·75	1·31	1·86	2·05	2·21	2·43
Saar	2·25	(*a*)	1·45	1·55	1·71	1·86
Other European Countries (*b*)	12·50	9·13	5·96	7·85	8·92	10·33
Total Europe	60·00	42·46	36·77	40·68	40·21	51·56
United States	53·00	31·30	37·93	45·39	48·29	44·40
Other countries	5·00	1·39	2·62	3·08	3·32	3·61
Total	118·00	75·15	77·32	89·15	91·82	99·57

(*a*) Saar is included with Germany in 1913.
(*b*) Includes Russia, Poland, Norway, Sweden, Italy, Austria, Hungary, Czechoslovakia, Rumania and Spain.

The inflation period in Germany gave a certain stimulus to the iron and steel industry in that country, but on the stabilization of the currency which followed the adoption of the Dawes Plan Germany no longer had the advantage of the premium on exports afforded by a depreciating currency, and was faced with many difficulties. German obligations being to some extent defined by the Dawes Plan, the German industrialists tackled their problems in the thoroughgoing fashion for which their nation was noted.

Permission was obtained to abrogate the eight-hour law in the steel industry in order to recover more quickly from the effects of the Ruhr occupation; wages were kept at a low level; and the home market was protected by means of a tariff. Competition on the home market was regulated by means of the 'Rohstahlgemeinschaft', and the possibilities of economies by means of 'rationalization' were also explored. Since the Rohstahlgemeinschaft became the model for the international agreement, it may be desirable to give a brief account of its operations before proceeding to deal with the bigger movement.

The Rohstahlgemeinschaft was formed in November 1924 and embraced all the important steel producers in Germany. It was originally intended that the Association should be terminable at the end of 1925 if notice were given in the previous November, but its

existence was subsequently prolonged to October 1929. The annual participation of each member was based on twelve times the amount of ingot steel which they had produced in any one month during the three years 1922, 1923, and 1924, and fines were imposed if members exceeded their quota. In January 1925 members were authorized to produce up to within 10 per cent. of their quota, but demand fell throughout 1925 until, by November, works were operating at 35 per cent. short of their participation quota. On the other hand, throughout 1927 works were operating nearly up to their quota, on account of the big internal demand. Such a regulation would, of course, have been impossible if the home market had not been protected, and the finishing industries were at first inclined to oppose the proposals for protecting the heavy steel industry. This opposition was, however, withdrawn on the representatives of the heavy industries promising to safeguard the interests of the finishing industries in the negotiations for a commercial treaty which were then pending, and also promising that the system of export bounties which had operated before the War should be reintroduced in some form or other. It was also realized that the control of output such as was guaranteed by the Rohstahlgemeinschaft would give a much needed stability to the market. The nature and amount of these rebates was negotiated between the Rohstahlgemeinschaft and an association of the finishing industries known as the A.V.I. In brief, they took the form of a discount on all steel products entering into finished material for export, and the rebates were so designed as to bridge the difference between German prices and world market prices for steel. It should be added that the Rohstahlgemeinschaft did not concern itself with questions of price control, which were left to other syndicates, such as the Semi-finished Products Association, Girder Association, Bar Iron Association, Thick Plate Association, &c.

Another step towards increasing the efficiency of the German industry was taken when the amalgamation of the works of Thyssen, the Rhine-Elbe Union, Phoenix and Rheinstahl took place. The aim was to reduce costs by concentrating different kinds of production in those works which were respectively most suitable for them by reason of their plant and their geographical situation. Yet all those efforts were not sufficient in view of the discrepancy which still existed between world capacity and world demand, and especially in view of the advantage which both Belgium and France had over Germany by reason of the depreciating exchange. The Germans foresaw clearly that some form of international control was necessary, and, while they were taking every opportunity to improve and consolidate

their own industry, discussions were taking place with representatives of France and Belgium with a view to an international understanding.

The reasons which led Germany to propose such an understanding have been briefly dealt with. What were the inducements which led France and Belgium to participate? The restoration of Alsace-Lorraine to France under the terms of the Treaty of Versailles added about 4,000,000 tons of pig-iron and 2,400,000 tons of steel to the productive capacity of France. The works in Alsace-Lorraine had naturally developed within the German system and a large part of their products had formerly been marketed in Germany. The Peace Treaty took account of the fact that Germany was the natural outlet for a substantial portion of the Lorraine production, and stipulated that until the 10th January, 1925, natural and manufactured products originating in Lorraine should be exempt from all customs duties on importation into Germany. It was left to the French Government to fix the quantities to be so exported provided that the total did not exceed the average annual exports to Germany in the three years 1911–1913. France was naturally anxious for these exports to continue, but Germany was preparing a highly protectionist tariff to be put into force as soon as the provisions of the Peace Treaty allowed, and definitely refused to consider the extension of the free imports any longer than she was absolutely forced by the terms of the Treaty.

Germany was, however, prepared to consider a commercial treaty which should regulate the imports of products of Alsace-Lorraine and Luxembourg, and the negotiations for the international agreement and for a Franco-German commercial agreement proceeded *pari passu*, the progress made in each series of negotiations reacting on the other series. The desire of France to have the opportunity of exporting as large a tonnage as possible of iron and steel into Germany disposed her to meet the wishes of Germany with regard to the international agreement, while the desire of Germany for France's adherence to the proposed international agreement disposed her to view more sympathetically the French desire for an outlet in Germany for a substantial proportion of her exports. Another factor which led Germany to agree to the importation of a certain quantity of iron and steel from Lorraine was the attitude of the German consuming industries, which, organized in the association known as A.V.I. referred to above, were prepared to oppose very vigorously the proposals of the German iron and steel industrialists for a prohibitive tariff upon French iron and steel imports. Eventually, therefore, the commercial agreement between France and Germany, which was signed soon after the international agreement, provided that imports

of steel from France should represent 3·75 per cent. of the German consumption of rolled products, and imports from Luxembourg 2·75 per cent., that is, a total of 6·5 per cent. of Germany's consumption of rolled products. Belgium was induced to join the Cartel since, being dependent for 80 per cent. of her output on overseas markets, she hoped that the intense competition which had reduced prices below a remunerative level would be mitigated by some such agreement.

The form in which this understanding emerged after many meetings and long discussions was made public in the press, and the text of the agreement which is printed in the Appendix to this volume[1] is taken from the report given in the volume dealing with iron and steel issued by the Economic Conference at Geneva in May 1927.

In fixing the share quotas of the individual countries in the International Steel Agreement, the output of each country in the first quarter of 1926 was taken as a basis, with some modification in the case of Belgium because her production in that period had been affected by the Charleroi Strike. The basis was taken at 25,287,000 tons, divided as follows:

	Per cent.
Germany	40·45
France	31·89
Belgium	12·57
Luxembourg	8·55
Saar	6·54

In agreeing to take the first quarter of 1926 as the basis of allocation Germany accepted a period admittedly unfavourable to herself, since the production of France had been stimulated by the continual depreciation of the franc; but Germany was prepared to make this sacrifice in order that the principle of the Cartel might be established, and she arranged that as the total output increased, an increasing proportion of the total should fall to Germany. Thus, when the annual aggregate production amounted to 29,287,000 tons the quotas were to be as follows:

	Per cent.
Germany	43·18
France	31·18
Belgium	11·56
Luxembourg	8·30
Saar	5·78

Beyond this total the percentage quotas were to remain unchanged. Except for the first quarter of 1927, when the annual rate was fixed at 27,787,000 tons, the annual rate was 29,287,000 tons throughout down to the time of writing.

[1] Appendix III, pp. 481–3 below.

At the time when the agreement was signed German production was already rising, and Germany foresaw that adherence would involve some sacrifice. It is doubtful, however, whether she saw the full extent of the burdens which adherence to the Cartel would involve. Germany consistently exceeded her quota. The year 1927 was a year of great internal demand; and the production of pig iron, which in 1926 amounted to 9·5 million tons, reached 12·8 million tons in 1927, while steel production, which in 1926 amounted to 12·15 million tons, reached about 16 million tons in 1927. After paying the fine of 4 dollars per ton provided for in the agreement for the excess production of the first two quarters, Germany pressed for a revision of the penalties, and in June 1927 it was agreed that the full penalty of 4 dollars per ton should only be payable on the production for the export market, and that the excess production for the home market should only be penalized to the extent of 2 dollars per ton. This concession was made retrospective to the 1st April. The amount paid by Germany was still onerous, and in September she again appealed for a reduction of the fine, and the fines were again reduced to 1 dollar per ton for exceeding the home market quota. An attempt to reduce this still further was resisted at the December meeting. The ratio between production for the home and export market was taken as 72:28.

At the beginning of 1927, Czechoslovakia, Austria and Hungary acceded to the International Steel Agreement and were allocated a quota of 2·14 million tons annually on the basis of a total output by the Cartel of 27,787,000 tons.

Whatever results the International Cartel might have had by the end of the year 1927, it had not achieved its main object of stabilizing prices. This was clear from a consideration of British prices, which consistently fell during 1927 from 27·8 per cent. above 1913 in January to 13·6 per cent. in December (Board of Trade wholesale price index number), and it is probable that the intention was always to supplement the Cartel by more rigid agreements relating to individual products. Selling syndicates for individual products already existed in Germany; but before sales could be controlled internationally it was essential that each country should have an organization for controlling its own output. The question of sales syndicates for individual products was often discussed at the quarterly meetings of the Cartel, but no agreement had been arrived at by the end of the year 1927. The subject was to come up for consideration again at the next meeting in March 1928, when there seemed to be more prospect of success, for, since the last meeting in December, France had

successfully formed syndicates to control the sales of semi-finished products and girders.

No official reports of the working of the International Cartel had been issued by the beginning of the year 1928; but the *Bergwerks Zeitung* of the 4th May, 1927, contained calculations as to the results of the Cartel's operations in the first six months, from which the table on the opposite page is extracted.

It should be pointed out that these figures contain no estimate of the expenses of administration, so that the amount available for distribution is somewhat overstated. It will be seen that the operation of the scheme imposed on Germany a burden of 1·6 marks per ton in the first quarter of the Cartel's working, and 2·6 marks per ton in the second. On the other hand, France received the equivalent of 2·48 marks per ton in the first quarter and 4·34 marks per ton in the second. If the results for the second and third quarters of 1927 are calculated in a similar way, and allowance is made for the reduction in the fines, it will be seen that the burden on Germany during this period amounted to 1·8 marks and 2 marks respectively, and the subsidy to France to 3·1 and 3·6 marks respectively.

It would seem that, in spite of the penalty attached to over-production, Germany made no serious effort to keep within her quota—partly, no doubt, because the advantage (in the shape of reduced costs) of operating more nearly to full capacity was considerable, and partly because the greater proportion of the output was for the home market, in which considerably higher prices ruled than in export markets, which were governed by the world price.

France, on the other hand, depended to such an extent on export markets that in her attempt to avoid the reduction of her quota, which consistent under-production would have involved, she sacrificed prices to obtain export business, thus intensifying the competition which the Cartel was intended to obviate.

Belgium, which was even more dependent upon export markets than France, was forced to follow French prices.

British industry was watching the working of the Cartel with sympathetic interest. The need for a stabilizing influence was quite appreciated, but the severe competition which the British steel industry had experienced for so long, owing to depreciated exchanges, lower wages, longer hours of work, and other factors, had driven Great Britain's production to such a low level that the British steel makers felt that the basis adopted, namely, production in the first quarter of 1926, was not a fair measure of Britain's potentialities and they did not see their way to participate in the Cartel on that basis.

INTERNATIONAL STEEL CARTEL: RESULTS OF FIRST SIX MONTHS' OPERATIONS, OCTOBER 1926 TO MARCH 1927

	Actual Production.	*Production Quota.*	*Excess (+) or Deficiency (−)*	*Payments into Pool ($1 per ton of production)*	*Payments into Pool ($4 per ton on excess of Quota).*	*Receipts for deficiency of Quota at $2.*	*Division of balance remaining in Pool.*	*Fine or Subsidy per ton.* *Fine Marks.*	*Subsidy Marks.*
	tons.	*tons.*	*tons.*	$	$	$	$		
1st Quarter Oct.–Dec. 1926									
Germany . .	3,735,993	3,161,250	+ 574,743	3,735,993	2,298,972		4,600,677	1·61	
France . .	2,196,850	2,283,250	− 86,400	2,196,850		172,800	3,322,533		2·48
Belgium . .	958,460	846,250	+ 112,210	958,460	448,840		1,231,791	0·77	
Luxembourg .	598,008	607,750	− 9,742	598,008		19,484	884,524		2·15
Saar . . .	460,759	423,250	+ 37,509	460,759	150,036		616,109		0·05
TOTAL	7,950,070	7,321,750	− 96,142 + 724,462	7,950,070	2,897,848	192,284	10,655,634		
2nd Quarter Jan.–March, 1927									
Germany . .	3,957,606	3,021,329	+ 936,277	3,957,606	3,745,108		5,235,672	2·62	
France . .	2,005,350	2,154,067	− 148,717	2,005,350		297,434	3,781,117		4·34
Belgium . .	924,045	815,044	+ 109,001	924,045	436,004		1,401,806		0·19
Luxembourg .	582,518	576,650	+ 5,868	582,518	23,472		1,006,608		2·89
Saar . . .	471,264	401,660	+ 69,604	471,264	278,416		701,146	0·43	
TOTAL	7,940,783	6,968,750	− 148,717 +1,120,750	7,940,783	4,483,000	297,434	12,126,349		

PART II

EUROPE

B. SOUTH-EASTERN EUROPE

Introduction.

By the end of the year 1926 the 'post-War' régime in South-Eastern Europe had been in existence for some seven years, and it was possible for observers who turned their minds back over the local history of those years to the time of the coming into force of the Peace Treaties and the foundation of the 'Little Entente' to discern certain definite changes and developments in the South-East European landscape.

In January 1920 South-Eastern Europe was still living under the shadow of the General War of 1914–18; and the states which had emerged, in this area, on the new political map were sharply divided into the two camps of the victorious states which had won the territorial stakes of the War and the defeated states which had lost them. In extent of territory, numbers of population, amount of national resources and degree of military power, the defeated states of South-Eastern Europe had been placed by the peace settlement in a position of such inferiority to the victors that any local attempts to undo the settlement by force were doomed to be forlorn hopes, even if the South-East European representatives of the victorious Entente had been left to their own resources instead of being able to count, in the last resort, upon the support of the Principal Allied Powers—a support of which they were in fact assured, since the Powers responsible for the new political map of Europe would hardly be able to tolerate even local attempts to defy their authority and undo their handiwork. This overwhelming superiority of force on the side of the victors was only partially set off by other factors such as the hostility which Soviet Russia (a neighbour of South-Eastern Europe along the Bessarabian border) [1] was displaying towards the victors and all their works, or the lack of unity among the victors themselves—as evinced in the misunderstanding between Poland and Czechoslovakia over certain frontier questions of secondary importance,[2] and in the much more acute and serious tension between Italy and

[1] See *Survey for 1924*, Part I C, Section (vii).
[2] *Op. cit.*, Part II B, Section (vii).

Jugoslavia over the Adriatic.[1] Nevertheless, at the beginning of this period—when minds long accustomed to the ' pre-War ' map were still hardly able to realize that it had disappeared once and for all—the defeated peoples were still dominated by the hope, and the victors by the fear, that some *coup d'état* might restore the old order in the twinkling of an eye ; and this common anxiety in the victors' minds was the psychological force which generated the ' Little Entente '—the first symptom of constructive activity in the international history of South-Eastern Europe during those ' post-War ' years.

In the event, the defeated peoples could not and did not make any effective effort to reverse the military decision of 1918. Even in Hungary—whose people rebelled in spirit against the peace settlement more vigorously than either their Austrian or their Bulgarian companions in defeat—the movement of forcible resistance was exhausted in the two *Putsche* unsuccessfully attempted by the ex-King Charles [2] and in the successful *coup* which prevented the Sopron enclave from being transferred, with the rest of the Burgenland, to Austria.[3]

It is true that during these years the defeated states of South-Eastern Europe did constitute a menace to the victors ; but the nature of this menace, instead of being military, was economic. The financial and economic breakdown of these states (including Greece, who joined their company after her defeat in the Anatolian War of 1922) seriously threatened to involve the rest of South-Eastern Europe and perhaps even the whole continent ; and this possibility of economic disaster from within gave point to the external menace from Soviet Russia, whose political weapon of Communist propaganda was expressly designed for employment against capitalist communities whose armour had fallen from them.[4] Thus the urgent problem in South-Eastern Europe with which the victors were confronted during these years was not to hold down the vanquished by military force but to reconstruct their national life by the organization of financial and economic assistance ; and it was a fortunate circumstance that, in the nature of the case, this task fell, not to the local representatives of the victorious Entente (whose financial and economic condition during these years was only less grave than that of their defeated neighbours), but to the League of Nations collectively and to its technical advisers.

[1] See *History of the Peace Conference of Paris*, vol. iv, Ch. V, Part (i); *Survey for 1924*, Part II B, Section (iii). See also the present part, Section (i) below.
[2] See *Survey for 1920–3*, Part III, Section (iii) (2).
[3] *Op. cit.*, Part III, Section (iii) (3).
[4] See *Survey for 1924*, Part I C, Section (ii).

By the end of the year 1926 this major task of constructive statesmanship in South-Eastern Europe during the 'post-War' period had been substantially fulfilled, and the menace from Soviet Russia had sensibly diminished. It was true that the financial rehabilitation of Austria [1] and Hungary [2] and the taking in hand of the special problem of refugee settlement in Greece [3] and Bulgaria [4] still left the larger task of economic reconstruction to be performed, and that in this field progress was still impeded by the formidable labyrinth of 'post-War' tariff walls. It is also true that along the frontier between Soviet Russia and Rumania, as along that between Lithuania and Poland, there was still, in the view of one party, a juridical state of war. On the whole, however, it was evident by that time that the two dangers of economic breakdown and of Russian 'imperialism' operating through Communist propaganda had both been surmounted.

Unfortunately, other dangers were visibly taking their place. In particular, while the friction between Czechoslovakia and Poland had disappeared (as the aftermath of the peace settlement had been disposed of and the common interests of the two countries had been brought to the forefront by the questions arising out of the resuscitation of Germany), the tension between Italy and Jugoslavia had not only continued but—after the delusive appearance of a *détente* in 1924—had become more acute than ever before the year 1926 was over.[5] As Russian Communist activities in Hungary, Czechoslovakia, Croatia, and Bulgaria gradually ceased to occupy the minds of 'Little Entente' statesmen, the 'forward policy' of Italy in South-Eastern Europe came to cause them more and more concern. This Italian influence was making itself felt not only in defeated states like Hungary [6] and Bulgaria [7] but also in Greece [8]—a state which Italy, down to the Corfù Incident of 1923,[9] had treated as a minor rival rather than a potential satellite—and above all in Albania, the 'Achilles' heel' of a South-Eastern Europe which was striving, as a whole, to become mistress of its own destinies. In short, Italy was taking the place of Russia as the disturbing external factor in South-East European affairs.

There were even indications that the conflict of interests between Italy and France which had arisen in North-West Africa might find

[1] *Survey for 1920–3*, Part III, Section (iii) (5), and the present part, Section (iv) below.
[2] *Survey for 1924*, Part II B, Section (iv), and the present part, Section (v) below.
[3] *Survey for 1925*, Vol. II, Part II E, Section (iii)
[4] Section (vi) below.
[5] See Section (i), pp. 162–5 below.
[6] See p. 161 below.
[7] See p. 159 below.
[8] See pp. 159–61 below.
[9] *Survey for 1920–3*, Part III, Section (iii) (11).

in South-Eastern Europe a second arena ; and that the states of this region, which had been divided into the two camps of victors and vanquished since the termination of the War, might regroup themselves in two other opposing camps under the banners of France and Italy. If this new formation were to take shape, that would mean the frustration of the ultimate aim of the ' Little Entente ', whose statesmen had set before their countrymen the ideal of keeping themselves free from the hegemony of any Great Power or Powers and playing their part in international affairs not as satellites of other states, but as truly independent members of international society. This, in the last resort, was the issue raised by the conclusion of an Italo-Albanian treaty at Tirana on the 27th November, 1926.[1]

(i) The Little Entente (1926).

During the year 1925 the activities of the Little Entente, as such, had seemed to some extent to be on the wane ;[2] and in 1926, although the treaties on which the alliance was based were formally renewed, it remained true that the general tendency was towards a certain loosening of the bonds between Czechoslovakia, Jugoslavia, and Rumania. This development did not necessarily mean that the alliance was likely to be dissolved in the near future. It was in a sense inevitable, as the gradual liquidation of difficulties arising out of the War of 1914–18 lessened the need for united action to preserve the situation created by the Peace Treaties, that each of the three members of the Little Entente should enter into fresh relations with neighbouring states in accordance with its own interests, and that these new relations, without weakening the friendship between the three Allies, should modify to a certain extent the individual outlook of each of the three.

At the beginning of 1926 a situation arose which in earlier years might have brought the Little Entente into action as a body ; but, in point of fact, the affair of the Hungarian forgeries served to illustrate the change which was taking place in international relations in South-Eastern Europe. Czechoslovakia, Jugoslavia, and Rumania might all remain equally faithful in principle to the fundamental basis of their alliance—the necessity for upholding the peace settlement effected at Trianon—but in practice they were not all equally disposed to take active steps in a matter where the interests of only one of them appeared to be at stake. The scandal

[1] See p. 164 below. The repercussions of the Treaty of Tirana will be dealt with in the *Survey for 1927*.

[2] See *Survey for 1925*, Vol. II, Part II D, Section (iv).

of the forged French franc notes in Hungary,[1] which came to light at the beginning of the year and brought into prominence once more the danger to other countries inherent in the peculiar quality of Magyar patriotism, was taken very seriously by Czechoslovakia (who had herself suffered, in the past, from the activities of Hungarian forgers); and the Prague Government approached Belgrade and Bucarest with suggestions for united action. Jugoslavia and Rumania were less directly affected; and though the Foreign Ministers of the three states discussed the Hungarian question at a meeting held at Temesvar on the 10th February[2] they merely agreed to await the result of judicial investigations in Hungary before deciding on their further policy towards that country. In the event, it was not the Little Entente, but France, in collaboration with Czechoslovakia, which took the only direct action taken in connexion with the franc forgeries by calling the attention of the League of Nations to the general problem of forged currencies.[3]

The passive attitude adopted by Jugoslavia on this occasion was no doubt largely due to the improvement which had been taking place in her own relations with Hungary; and during the later months of 1926 this improvement became more marked. The successful conclusion of technical negotiations which had been in progress for some time and the signature on the 24th June of a commercial agreement, a veterinary convention, and five railway conventions[4] was followed at the end of the month by a friendly reference to Hungary in a speech by Monsieur Ninčić, the Jugoslav Foreign Minister.[5] An emphatic announcement of friendship towards Jugoslavia made by Admiral Horthy, the Regent of Hungary, on the occasion of the celebration of the fourth centenary of the Battle of Mohács,[6] was the prelude to suggestions by Monsieur Ninčić that Hungary might be given a Free Zone in a Jugoslav port,[7] and to the announcement by the same statesman, at Geneva, that the Jugoslav-Hungarian *rapprochement* would enable Jugoslavia to act as an intermediary between Hungary and the other members of the Little Entente.[8] Hungary's relations with Rumania also improved

[1] See Section (iii) below.
[2] See *The Times* and the *Corriere della Sera*, 11th February; *Le Temps*, 14th February, 1926.
[3] See p. 188 below.
[4] *Le Temps* and *The Times*, 26th July, 1926.
[5] *Le Temps*, 30th June, 1926.
[6] The *Frankfurter Zeitung*, 31st August, 1926; *The Manchester Guardian*, 7th September, 1926.
[7] The *Frankfurter Zeitung*, 12th October; *Le Temps*, 14th October; *The New York Times*, 12th October, 1926.
[8] *Le Temps*, 19th September, 1926.

during the year,[1] and even with Czechoslovakia discussions proceeded during the summer on a number of outstanding points and a provisional commercial convention was concluded at the end of July.[2]

In the affair of the Hungarian forgeries, it has been seen that Czechoslovakia took the initiative, while Jugoslavia and Rumania remained in the background ; but in the relations of the three states with Bulgaria during the summer of 1926 the roles were reversed. In this case it was Czechoslovakia who stood somewhat aloof, while Greece joined hands with Jugoslavia and Rumania.[3] Czechoslovakia, as a member of the League of Nations Council, gave her approval at the beginning of June to the scheme for the settlement of refugees in Bulgaria ; and when that scheme came up for discussion between the Little Entente Foreign Ministers during a conference at Bled on the 17th and 18th June, Monsieur Beneš left his Jugoslav and Rumanian *confrères* to discuss the matter and decide on their course of action—which was to be determined in the light of the special difficulties created by the situation on the Bulgarian frontier—and declared himself ready to adopt their policy.[4] Monsieur Beneš appears to have maintained his passive attitude in August when Rumania, Jugoslavia, and Greece asked the League of Nations for a share in the control over the expenditure of the Refugees Loan ; [5] and Greece, not Czechoslovakia, was also the third signatory of a joint note of protest on the subject of frontier incidents which was presented to Bulgaria on the 11th August.[6]

In dealing with the Bulgarian problem it was only natural that Czechoslovakia, whose territory did not march with that of Bulgaria, should leave the initiative to that country's immediate neighbours and content herself with the role of spectator ; [7] and the failure of

[1] See *Le Temps*, 5th November, 1926.

[2] *Ibid.* Just before the Temesvar Conference, Monsieur Beneš was reported to have said that he considered the question of an election to the throne of Hungary an internal matter for that country to settle, provided the Hapsburgs were excluded (*The Times*, 11th February, 1926), and it was even rumoured that Czechoslovakia was considering territorial concessions to Hungary (*The Manchester Guardian*, 8th February, 1926). In an article published in *The New York Times* at about the same time (issue of the 13th February), Monsieur Beneš went so far as to say that ' to it [the circle of the Little Entente] Hungary must inevitably be added, although that country has not yet ceased exploring every other possibility '.

[3] See Section (vi) below.

[4] See the *Corriere della Sera*, 19th and 20th June, 1926.

[5] See p. 220 below.

[6] See p. 219 below.

[7] In the original Little Entente treaties, the two of which Czechoslovakia was a signatory provided only for action in case of unprovoked attack by Hungary, whereas the Rumanian-Jugoslav treaty mentioned Bulgaria as well as Hungary.

the three members of the Little Entente to take concerted action in the case of the Hungarian forgeries was not in itself sufficient to prove that they were drifting apart from one another. During the year, however, they found it advisable, on every possible occasion, to emphasize their intention of continuing their co-operation and to assert the unanimity of their views on all subjects discussed between them. It was even stated in the Italian press that the meeting of the three Foreign Ministers at Temesvar on the 10th February was arranged solely with the object of contradicting rumours that the Little Entente was going into dissolution. The meeting, it was explained, was not one of the regular periodical conferences, but an exchange of views, necessitated by the forthcoming Special Assembly of the League of Nations in March, at which it was anticipated that Germany would be admitted to membership of the League.[1] The three Foreign Ministers were reported to have agreed on their course of action in the event of Germany, after she entered the League Council, raising the question of German minorities in Little Entente states,[2] and to have discussed the question of Russia in connexion with the negotiations which were proceeding for the renewal of the Polish-Rumanian treaty of alliance ; [3] but the main subject of discussion was the attitude to be taken towards Hungary in the light of the franc forgeries scandal. As has been mentioned,[4] the three states decided, for the moment at any rate, to take no action in the matter.

The communiqué issued to the press at the close of the Temesvar meeting [5] laid stress on the ' firm intention of the Little Entente to continue in a spirit of solidarity and cordiality the work of pacification in the interests of the Little Entente states '. Before the Foreign Ministers met for their next regular conference in June, they had taken the important step of renewing, for a further period of three years, two of the three treaties [6] which constituted the formal basis of the alliance. By a protocol signed at Bucarest on the 13th June Czechoslovakia and Rumania recorded their agreement to prolong the defensive alliance of the 23rd April, 1921 (which had already

[1] *Le Temps*, 14th February, 1926.
[2] *The Times*, 11th February, 1926.
[3] *Ibid.*, 8th and 11th February, 1926. For the Polish-Rumanian treaty, see below, p. 154.
[4] See p. 148 above. See also Section (iii) below.
[5] See *Le Temps*, 12th February, 1926.
[6] The treaty between Czechoslovakia and Jugoslavia of the 14th August, 1920, had been replaced by a new agreement signed on the 31st August, 1921, and the latter agreement, having come into force for five years on the 3rd October, 1922, was not due to expire until October 1927.

been prolonged for three years on the 7th May, 1923), since that instrument had been 'found to be beneficial to the cause of peace' and its maintenance was therefore considered necessary.[1] By a similar protocol,[2] signed on the same day, Rumania and Jugoslavia prolonged their alliance of the 7th June, 1921, which had been renewed on the 7th July, 1923. Ratifications of both protocols were exchanged on the 17th June, at Bled, where the three Foreign Ministers met in formal conference on that and the following day;[3] and Monsieur Beneš took the opportunity to point out to the press[4] that the renewal of the treaties was the best proof of the desire of the three states to continue their collaboration for the maintenance of the *status quo* and the consolidation of peace.

The main subject of discussion at Bled[5] appears to have been the attitude of the three states towards their neighbours, with special reference to the Bulgarian Refugees Loan,[6] the position of Hungary, and relations with Italy.[7] The question of Russia also seems to have been discussed again, *à propos* of the German-Soviet Treaty of the 24th April, 1926, but on this matter the communiqués to the press were even more reserved than usual. Czechoslovakia and Jugoslavia were clearly anxious to avoid any pronouncement which might be considered unfriendly to Russia,[8] and at the conclusion of the meeting it was announced[9] that the three Foreign Ministers had again decided that each country should retain complete liberty of action in regard to Russia.[10] Another matter which appears to

[1] The text of the protocol is published in *League of Nations Treaty Series*, vol. liv. For the formation of the Little Entente and texts of the original treaties see *Survey for 1920–3*, Part III, Section (iii) (2) and Appendix IV.

[2] Text in *League of Nations Treaty Series, loc. cit.*

[3] It had been intended that the conference should last three days, but the period was shortened owing to the difficult position of Monsieur Beneš, who expected to have to return immediately to Prague, where his resignation from the Government had been demanded by his own party, the Nationalist Socialists, as a sign of their lack of confidence in the Government (*The Times*, 17th June, 1926). During the conference, however, the crisis was solved in a manner which enabled Monsieur Beneš to remain in office (the *Corriere della Sera*, 21st June, 1926).

[4] See the *Corriere della Sera*, 20th June, 1926.

[5] For accounts of the proceedings see *The Times*, 18th and 19th June, 1926; the *Corriere della Sera*, 18th, 19th, and 20th June; the *Frankfurter Zeitung*, 19th June.

[6] See p. 149 above, and Section (vi) below.

[7] See p. 157 below.

[8] See the *Corriere della Sera*, 19th June, 1926.

[9] *Ibid.*, 20th June, 1926.

[10] The Rumanian Foreign Minister was reported to have declared himself ready to conclude a pact of non-aggression with Russia, provided that the Bessarabian dispute could first be settled (the *Corriere della Sera*, 20th June, 1926).

have been discussed at Bled was the composition of the League of Nations Council, and the three states were reported to have agreed on the line of action which they were to follow during the Assembly in September.[1] The concrete results from this conference would seem to have been small, but this was no doubt due, in part at least, to Monsieur Beneš's uncertainty whether he could continue to hold office and to the fact that Rumania was represented by a new Foreign Minister, Monsieur Mitilineu, whose most important task was to establish contact with his colleagues.

The Foreign Ministers held two formal meetings at Geneva, during the session of the League Assembly, on the 20th and 22nd September; but the reports of these meetings in the press [2] merely stated that the discussions had covered questions arising out of the activities of the League of Nations or of special interest to the Little Entente, and that the three Ministers had once more established the complete unanimity of their views.

On the three occasions during 1926 on which the representatives of Czechoslovakia, Jugoslavia, and Rumania met in conference their discussions seem to have followed familiar lines and no startling change of policy was initiated. At the end of 1926 the alliance rested on the same basis as before and had not been extended formally to include any new members, although Monsieur Beneš had asserted at the beginning of the year [3] that 'within the circle of the Little Entente the state of Austria is also included as well as Poland by reason of the latter's Central European commitments'. In the case of Austria, the policy of friendship and co-operation was perhaps intended, in part at least, as a counterblast to the renewed propaganda for the *Anschluss* of Austria to Germany, in the prevention of which Czechoslovakia and, in a lesser degree, Jugoslavia were directly interested. A Czechoslovak-Austrian arbitration treaty [4] (which provided for the submission of all disputes either to the Permanent Court of International Justice or to an arbitral tribunal) was signed on the 5th March, 1926, in Vienna, where Monsieur Beneš was staying as the guest of the Austrian Government —a visit which was returned a few weeks later by Dr. Ramek, the Austrian Federal Chancellor, who called at Prague on his way back from Berlin to Vienna.[5] Both statesmen seem to have met with a

[1] The *Frankfurter Zeitung*, 19th June, 1926.
[2] See *The Times*, and the *Frankfurter Zeitung*, 24th September, 1926.
[3] See an article in *The New York Times*, 13th February, 1926.
[4] Ratifications were exchanged on the 31st May, 1926. The text of the treaty is published in the *League of Nations Treaty Series*, vol. li.
[5] For Dr. Ramek's visit to Berlin see Section (iv) below.

warm reception, and at the end of March the press was able to refer to the 'Czechoslovak-Austrian *rapprochement*'.[1] In the economic matters which most nearly touched Austria's interests, however, relations between the two countries were not entirely satisfactory, and when, at the end of the year, Austria denounced a supplementary commercial agreement with Czechoslovakia, the Prague newspapers registered strong protests and threatened reprisals.[2]

An arbitration treaty between Austria and Jugoslavia was signed at Geneva in September 1926,[3] and at the same time negotiations were said to be in progress for a pact of friendship.[4] As between Austria and Rumania, friendly discussions were reported towards the end of the year to have been proceeding for the settlement of various questions arising out of the Peace Treaties.[5] On the whole, therefore, it might be said that the year 1926 had brought Austria into closer relations with the Little Entente.

In the case of Poland, while the ties which bound her to individual members of the Little Entente became increasingly close during 1926, the formula remained, as in previous years: 'the Little Entente and Poland'.[6] The important arbitration treaty concluded between Poland and Czechoslovakia in 1925[7] was ratified on the 14th April, 1926, when Count Skrzyński, the Polish Foreign Minister, was staying in Prague in order to return the visit paid by Monsieur Beneš to Warsaw in the previous year. Count Skrzyński told the press on this occasion that he and Monsieur Beneš had reached 'absolute agreement' on all current political questions.[8] At the beginning of September the Polish Government announced their intention of signing a pact of friendship with Jugoslavia during the Seventh Session of the League of Nations Assembly,[9] and a treaty of friendship and arbitration was actually signed at Geneva on the 18th September.[10]

[1] *The Times*, 31st March, 1926.
[2] *Ibid.*, 13th November, 1926. See also Section (iv) below.
[3] *The Central European Observer*, 24th September, 1926.
[4] *The Central European Observer*, *loc. cit.*; *Le Temps*, 18th September, 1926.
[5] *Le Temps*, 30th November, 1926.
[6] In January 1926 it was reported that views had recently been exchanged between the Little Entente states and Poland on the subject of a military transit convention and that a text drawn up and approved by the general staffs of the four states had been initialled and reciprocally notified (*The Manchester Guardian*, 12th January, 1926). This would appear to be the first instance of an agreement between Poland and the Little Entente as a body.
[7] See *Survey for 1925*, Vol. II, Part II D, Section (iii).
[8] *The Times*, 15th April, 1926.
[9] *Le Temps*, 4th September, 1926.
[10] *Ibid.*, 19th September, 1926; *The Central European Observer*, 24th September.

Poland's closest relations, as was natural, were with Rumania, with whom she shared a common anxiety regarding the intentions of Soviet Russia. By a treaty signed at Bucarest on the 26th March, 1926,[1] Poland and Rumania renewed the defensive alliance which they had concluded on the 3rd March, 1921,[2] but in a wider and more general form. The text of the treaty is reprinted in the Appendix[3] to the present volume and need not be analysed here, but it may be noted that, in negotiating it, the two parties seem to have borne in mind the possibility of connecting it with other treaties in a new system, which might perhaps even include Russia. The treaty might be regarded, in one sense, as marking a transition stage between the old idea of group alliances and the new conception of a regional guarantee pact on the lines of the Treaty of Locarno.[4] Compared with the agreement of 1921, it was less obviously an alliance against a third Power; and the general form in which it was cast, which left the door open for future negotiations, reflected the improvement which had been taking place in Soviet-Polish relations, as well as the fact that Rumania's anxiety concerning Bessarabia had been partially relieved by the ratification of the Bessarabian Treaty of 1920 by Great Britain in 1922 and by France in 1924.[5]

The attitude of Greece towards the Little Entente was necessarily determined to a large extent by the relations between Jugoslavia and Greece. A temporary improvement in those relations was marked by the signature, on the 17th August, 1926, of a Graeco-Jugoslav treaty of friendship, together with a series of technical conventions dealing with the long-standing dispute over Jugoslav access to the sea at Salonica,[6] and at the same time Greece agreed

[1] Almost simultaneously with the signature of the treaty it was announced that the Polish-Rumanian Frontier Commission which had begun work in November 1924 had completed its preliminary work and that a Commission would shortly be set up to fix the frontier definitively (*The Times* and *Le Temps*, 30th March, 1926). In the summer conversations were reported to be in progress on the subject of the creation of Polish Free Zones in the Rumanian ports of Braila and Galatz (*Le Temps* and the *Frankfurter Zeitung*, 7th July, 1926).

[2] See *Survey for 1920–3*, Part III, Section (ii) (3) (*f*). [3] See p. 483 below.

[4] See an analysis of the treaty in *The Manchester Guardian*, 31st March, 1926.

[5] See *Survey for 1924*, Part I C, Section (vii). Rumania was, however, still sufficiently nervous regarding the Russian menace to be disturbed at Italy's continued refusal to ratify the Bessarabian Treaty (see below, p. 158), and to show relief when it was made known at the Temesvar Conference in February 1926 that the recognition of the Soviet Government by Czechoslovakia had been postponed and that Jugoslavia had no immediate intention of negotiating with Russia (*The Times* and the *Corriere della Sera*, 11th February, 1926).

[6] See Section (ii) below.

(though not, apparently, without reluctance), to participate in the protest to Bulgaria which had been decided on by that country's other neighbours.[1] The signature of the Graeco-Jugoslav agreements was followed immediately by the overthrow of the Greek administration which had negotiated them; it soon became clear that the new Greek Government would not accept the arrangement with Jugoslavia without revision; and the renewed uncertainty of the position greatly diminished the possibilities of closer co-operation between Greece and the Little Entente.

The settlement of Graeco-Jugoslav disputes was the necessary preliminary to any formal negotiations for a regional guarantee pact on the Locarno model, the possibilities of which in Central and South-Eastern Europe had been much discussed during the months following the Locarno Conference. The hopes of those who saw in a Balkan Pact the best prospect for the future of South-Eastern Europe were therefore raised when Jugoslavia, early in January 1926, informed Greece that she would welcome the conclusion of a Guarantee Pact;[2] but during the year Graeco-Jugoslav relations fluctuated too much to form the starting-point for any system of guarantee treaties. Moreover, such a system, to be of any avail, must include Bulgaria, and the relations between Bulgaria and other South-East European states in 1926 still rested on a somewhat unstable basis.[3] Projects for a system of guarantee treaties in Central Europe similarly encountered the stumbling-block of Hungary, whose neighbours did not yet consider her 'ripe for a Central European Locarno'.[4] Even if no local difficulties had existed, the prospect for treaties of guarantee on the Locarno model were inevitably clouded during a large part of 1926 by uncertainty as to the fate of the Locarno Treaties themselves, the coming into force of which was postponed until September by the crisis that arose in March over the composition of the League Council.[5] It was obviously difficult for the smaller European states to make much progress in the application of the 'Locarno spirit' until they were sure that the Great Powers intended to implement the undertakings which they had given at Locarno.[6]

[1] See p. 149 above, and Section (vi) below.

[2] *The Manchester Guardian*, 11th January; *The Times*, 9th and 12th January, 1926. See also Section (ii) below.

[3] See Section (vi) below.

[4] Statement by Monsieur Beneš at the Bled Conference (the *Frankfurter Zeitung*, 19th June, 1926).

[5] See Part I A, Section (i) above.

[6] At the end of the year, Dr. Girsa, the acting Foreign Minister for Czechoslovakia, told the Chamber that Czechoslovakia's foreign policy since March

The most interesting and important development in South-Eastern Europe during 1926 lay not so much in the relations between South-East European states themselves as in the tendency shown by Italy to play an increasingly large part in the affairs of those states—a tendency which created the impression in some quarters that Italy bade fair to succeed France as the Power exercising the paramount influence in this corner of the world.[1] The members of the Little Entente remained, indeed, on the friendliest terms with France, and the year 1926 was even marked by the signature of a Franco-Rumanian treaty and the initialling of a Franco-Jugoslav treaty, both of which had been discussed without result during previous years.[2]

As compared with the Franco-Czechoslovak Pact of the 25th January, 1924,[3] the Franco-Rumanian Treaty of Guarantee [4] signed in Paris on the 10th June, 1926, reflected the 'Locarno spirit' by the stress which it laid on the peaceful intentions of the two parties, by the expression of their desire to act in all circumstances in accordance with the Covenant of the League of Nations, and by the omission of any provisions obviously directed against a third Power.[5] A supplementary convention, signed at the same time, laid down detailed procedure for the pacific settlement of disputes.[6] The Franco-Jugoslav treaty seems to have been initialled in March, when Monsieur Ninčić visited Paris on his way from Belgrade to Geneva—a journey which had already been extended to Rome.[7] The treaty was not formally signed, in the hope, apparently, that Monsieur Ninčić's discussions with Signor Mussolini during his visit to Rome

1926 had been mainly governed by the question of Germany's entry into the League and Franco-German relations (the *Frankfurter Zeitung*, 10th December, 1926).

[1] See, for instance, the *Frankfurter Zeitung*, 27th June, 1926, where France's waning influence was attributed in part to her internal financial situation, in part to the change in the general European situation created by the Locarno Conference. See also *The Times*, 18th August, 1926.

[2] See *Survey for 1924*, Part II B, Section (vi).

[3] See *op. cit., loc. cit.*

[4] Text reprinted in the Appendix, p. 485 below.

[5] The Soviet Government, nevertheless, chose to consider that their interests were adversely affected by the treaty, and in a note presented to the French Government on the 2nd October, 1926 (text in *L'Europe Nouvelle*, 12th February, 1927), protested that the collaboration promised by France to Rumania, by guaranteeing the latter country's territorial *status quo*, allowed the prolongation of the 'illegal and violent occupation' of Bessarabia. On this ground, the note declared that the conclusion of the treaty must be considered an unfriendly act.

[6] Text in *League of Nations Treaty Series*, vol. lviii.

[7] See below, p. 162.

might have opened the way for a tripartite agreement between France, Italy, and Jugoslavia.[1] In any case, both Monsieur Briand and Monsieur Ninčić probably feared that the relations of their respective countries with Italy might be prejudiced by the premature publication of the terms of a Franco-Jugoslav Pact—which was variously reported at the time of its negotiation to be a regional agreement on the Locarno model and a defensive alliance similar to the Franco-Czechoslovak Pact of 1924, with a military annex.[2] Although Monsieur Ninčić was believed to have taken the agreed draft back with him to Belgrade at the close of the special session of the League Assembly at Geneva in March,[3] nothing more was heard of it for some considerable time.

An illustration of the change in the relations between Italy and the Little Entente states was afforded by the declarations to the press made by the Foreign Ministers of the three states, in accordance with their usual practice, at the conclusion of the Bled Conference on the 18th June.[4] The most striking passages in the three statements were those which dealt with the attitude of each country to Italy. Monsieur Beneš declared that no differences existed between Czechoslovakia and Italy, and that intimate relations were desired. Monsieur Ninčić (who had reported to his colleagues the tenor of the conversations which he had held with Signor Mussolini in the previous February),[5] remarked that the efforts of Italy and of the Little Entente were directed towards the same end—that of preparing an atmosphere in which it would be possible to conclude a Balkan Pact. Monsieur Mitilineu, the new Rumanian Foreign Minister, said that his country also desired to be on terms of cordiality with Italy and referred to negotiations that were proceeding for an Italian loan to Rumania and for an Italo-Rumanian treaty of friendship.

The Italian Government had notified the Rumanian Government during May 1926 (according to the new Italophil Prime Minister of Rumania, General Averescu, the offer was made voluntarily),[6] that they would be glad to assist Rumania in obtaining a loan on the Italian market. Formal negotiations opened in Rome on the 31st May;[7] in the course of the next few days a settlement was reached of a long-standing dispute regarding Rumanian private debts

[1] See *The Times*, 8th November, 1926.
[2] *Ibid.*, 25th March, 1926.
[3] The *Corriere della Sera*, 25th March, 1926.
[4] *Ibid.*, 20th June, 1926.
[5] See below, p. 162.
[6] *The Manchester Guardian*, 27th May, 1926.
[7] The *Corriere della Sera*, 1st June, 1926.

to Italy;[1] and by the middle of June terms had also been agreed on for the repayment of Rumania's outstanding War Debt to Italy.[2] It was also arranged during June that the new loan should be advanced by the General Oil Company, a recently founded concern in which the Italian Government held the majority of the shares.[3] On the 30th June the Rumanian Finance Minister, Monsieur Manoilescu, who had been conducting the negotiations, announced that one loan of 200,000,000 lire had been arranged, bearing interest at 7 per cent. and repayable in ten years, and another of 100,000,000 lire, without interest, which was to be used for the purchase of material in Italy.[4] Monsieur Manoilescu contradicted rumours that, in return for the loan, special facilities were to be granted for the investment of Italian capital in Rumanian oil interests;[5] but the Rumanian public seems to have remained dissatisfied on this point.[6]

In the meantime negotiations had also been proceeding for an Italo-Rumanian treaty of friendship, and a pact of friendship and cordial collaboration was signed by Signor Mussolini and General Averescu in Rome on the 16th September—three months after the conclusion of the Franco-Rumanian treaty which has been mentioned above. The treaty[7] was a short one, consisting of a preamble and six articles, and a protocol was annexed which provided for the appointment of a Mixed Commission to determine methods of bringing the two countries into closer economic relations. In a note addressed to General Averescu at the time of signature, Signor Mussolini referred to conversations on the subject of Bessarabia which had taken place during the negotiations, in the course of which he had explained the reasons for the omission from the pact of friendship of any allusion to the treaty of the 28th October, 1920, which had assigned Bessarabia to Rumania. Italy's failure to ratify that treaty had been responsible for a certain coolness in Rumania's feelings towards Italy, and Signor Mussolini now definitely stated that Italian ratification of the treaty would not take place 'until

[1] *The Times*, 3rd June, 1926. For this dispute see *Survey for 1924*, p. 454.

[2] *The Manchester Guardian*, 17th June, 1926. For the terms of the War Debt Agreement see *Le Temps*, 6th August, 1926.

[3] *The Manchester Guardian, loc. cit.*

[4] *The Times*, 2nd July, 1926. See also *Le Temps*, 1st August, 1926.

[5] *The Times, loc. cit.*

[6] See *Le Temps*, 6th August, 1926; *The Manchester Guardian*, 5th August, 1926. The arrangement with Italy was also criticized in some quarters in Rumania on the ground that the small Italian loan might prejudice the negotiation of larger loans from Great Britain or the United States (*The Manchester Guardian*, 27th May, 1926).

[7] Text reprinted in the Appendix, p. 487 below.

it was possible without prejudice to the general interests of Italy '. In a reply of the same date, General Averescu merely took note that the ratification of the Bessarabian Treaty by Italy was ' a question of time and opportunity ',[1] but a rumour was current in the autumn that General Averescu had in fact obtained an assurance that the Bessarabian Treaty would be ratified by Italy in the near future,[2] and ratification actually took place on the 8th March, 1927.

The signature of the Italo-Rumanian pact of friendship was followed at the beginning of November by the arrival at Bucarest of an Italian mission, headed by the Duke of Spoleto, son of the Duke of Aosta, who conveyed an official invitation to the King and Queen of Rumania to visit Italy.[3]

Signor Mussolini's policy of establishing good relations with Rumania, which was thus successfully carried through in 1926, did not preclude the possibility of simultaneous friendship with Bulgaria. Italy, together with France and Great Britain, played a not unimportant part, during the crisis which arose in August 1926 over incidents on the Bulgarian frontiers, by urging conciliatory measures on the parties to the dispute ;[4] and the wish to express gratitude for the good offices of the Italian delegation at Geneva in connexion with the Bulgarian refugees' loan[5] was said to have been the principal motive for a journey to Rome undertaken at the beginning of October by Monsieur Burov, the Bulgarian Foreign Minister.[6] Monsieur Burov had an interview with Signor Mussolini during which the two statesmen were officially reported to have examined all questions affecting the consolidation of friendly relations between Italy and Bulgaria.[7] Monsieur Burov's visit gave occasion to the Fascist press to point out the numerous occasions since the War on which Italy had given proof of her friendship for Bulgaria ;[8] and during 1926 rumours were even current that that friendship was to be cemented by a marriage between King Boris of Bulgaria and an Italian princess.[9]

During 1926 there was also a notable *rapprochement* between Italy and Greece, which put an end to the strained relations that had

[1] Text of both notes in *L'Europe Nouvelle*, 12th February, 1927.

[2] The Russian claim to Bessarabia was restated in a note to the Italian Government on the 6th October, 1926, in which the Soviet Government protested against the Italo-Rumanian Treaty and exchange of notes of the 16th September (*Le Temps*, 25th November, 1926).

[3] The *Corriere della Sera* and *Le Temps*, 3rd November, 1926 ; *The Times*, 4th November.

[4] See Section (vi) below.

[5] See below, *loc. cit.*

[6] See *The Times*, 8th October, 1926.

[7] The *Corriere della Sera*, 7th October, 1926.

[8] *The Times*, 8th October, 1926.

[9] See *Le Temps*, 5th August, 1926.

existed since the occupation of Corfù by Italy in 1923.[1] Early in March the Greek Foreign Minister, Monsieur Rúphos, arrived in Rome, and discussed with Signor Mussolini and with the Italian Permanent Secretary for Foreign Affairs questions such as the position of Albania (the maintenance of whose independence both parties were said to consider desirable), and the prospects of a Balkan Pact.[2] The possibility of Italian mediation between Greece and Jugoslavia was believed to have been mentioned.[3] Agreement was reported on the principle that no reason for friction existed between the two countries,[4] and there were rumours that a formal agreement had been signed.[5] On one point the discussions seem to have had a concrete result. Italy was known to have objected to the arrangement made in July 1925 for the appointment of a British Naval Mission to Greece, on the ground that thereby Great Britain obtained naval domination in the Eastern Mediterranean; the matter was raised in the conversation between Monsieur Rúphos and Signor Mussolini, and in May it was announced that the Greek Government had decided to denounce their contracts with both the French Military Mission and the British Naval Mission.[6] In the following January, however, a new contract was signed for a British Naval Mission.

Graeco-Italian economic relations were also discussed during the Rome conversations. The commercial treaty of 1899 which had hitherto formed the basis of those relations was prolonged for short intervals[7] pending the conclusion of a new treaty, formal negotia-

[1] See *Survey for 1920–3*, Part III, Section (iii) (11). Conciliation seems to have been the keynote of Greek foreign policy under the Pángalos régime which came to an end in August 1926; and, with the possible exception of Jugoslavia (see Section (ii) below), the policy of improving relations with neighbouring countries was pursued by the administration which succeeded General Pángalos. Thus the Graeco-Bulgarian frontier incident of October 1925, instead of giving rise, as might have been expected, to an increase of mutual distrust, was the prelude to a period of comparatively friendly relations between Greece and Bulgaria (see Section (vi) below). In the case of Albania, General Pángalos declared himself strongly in favour of an *entente*, and in March 1926 negotiations were reported to be in progress at Tirana for the liquidation of a number of outstanding difficulties (*The Times*, 9th March, 1926). In the middle of October three conventions were reported to have been signed, dealing with commercial relations, consular and establishment questions, and nationality (*Le Temps*, 15th October, 1926).

[2] *The Times*, 5th March, 1926.

[3] *Ibid.*, 8th March, 1926.

[4] *Le Temps*, 8th March, 1926.

[5] See the *Corriere della Sera*, 20th April, 1926, for a *démenti* of the existence of an Italo-Greek pact directed against Turkey.

[6] *Le Temps*, 20th May, 1926.

[7] See the *Corriere della Sera*, 2nd April, 21st September and 7th October, 1926.

tions for which began on the 6th October. On the 24th November, 1926, a new treaty was signed in Rome,[1] an event which Signor Mussolini signalized as of decisive importance for Graeco-Italian friendship.[2]

Italy also made a friendly gesture towards Hungary in October 1926 by opening conversations on the subject of a Hungarian outlet on the Adriatic ;[3] but this particular move was obviously determined by Monsieur Ninčić's recent suggestions regarding a free zone for Hungary in a Jugoslav port,[4] and, from the point of view of Jugoslavia, it marked a stage in the process which she regarded as Italy's attempt to encircle her with an ' iron ring '.

Italy, however, had good economic reasons for not wishing to see the Hungarian export trade directed towards a Jugoslav port. The Italo-Jugoslav agreement of the 27th January, 1924, by which the dispute over Fiume had been settled [5] had provided special facilities for Jugoslav trade at Fiume itself and had guaranteed an independent outlet on the sea, at Port Baroš, for the neighbouring Jugoslav town of Šušak. For some months after the signature of the agreement, Jugoslavia had wavered between the rival policies of making full use of Port Baroš and her zone at Fiume, or of developing a new port of her own farther to the east on the Adriatic coastline. During the period of indecision the trade through Fiume languished, and when, in August 1925, a railway was opened connecting the Jugoslav port of Spalato with the interior, the trade through that port developed rapidly at the expense of Fiume and Šušak.[6] Italy, therefore, could not afford to remain a disinterested spectator of Jugoslav attempts to secure the Hungarian export trade, which might otherwise have been directed towards Fiume and Trieste.

The Fiume question had thus not entirely ceased to exercise an irritating influence, but it remained true that the Fiume Agreement and the Pact of Friendship which had been signed simultaneously on the 27th January, 1924, had inaugurated a new phase in Italo-Jugoslav relations. During 1924 and 1925 Jugoslav foreign policy, under the direction of Monsieur Ninčić, had shown a marked tendency to conciliate Italy—even though occasional manifestations indicated that Italy was still regarded with hostility and distrust in Croatia and Dalmatia. Early in 1926, indeed, it seemed for a while as though

[1] *Ibid.*, 25th November, 1926. [2] *Le Temps*, 4th December, 1926.
[3] The *Corriere della Sera* and the *Frankfurter Zeitung*, 14th October, 1926.
[4] See above, p. 148.
[5] See *Survey for 1924*, Part II B, Section (iii).
[6] Exports through Spalato during 1925 were said to be six times larger than those through Šušak (the *Frankfurter Zeitung*, 1st April, 1926).

a common anxiety regarding the Pan-German movement, stimulated by the approaching admission of Germany to the Council of the League of Nations and by the renewal of *Anschluss* propaganda in Austria [1] (with which country Italy had a standing cause of dispute in the South Tirol question),[2] might serve to bring Jugoslavia and Italy into close co-operation. At the end of February Monsieur Ninčić paid an unexpected visit to Rome (on his way to Paris [3] and Geneva), and in two conversations, on the 25th and 26th February, he and Signor Mussolini, according to the official communiqués, discussed Italo-Jugoslav relations in the light of the general European situation created by the Locarno Treaties, and agreed upon the utility of close collaboration between the two countries.[4] The Austro-German *Anschluss* was believed to have formed the main subject of discussion, and Signor Mussolini and Monsieur Ninčić were reported to have come to a mutual understanding to uphold the independence of Austria in the event of any attempt to bring about her union with Germany.[5] Agreement was also reported on various other points—notably on the question of Jugoslavia's export trade. Monsieur Ninčić was even said to have undertaken that Jugoslavia would abandon the idea of developing a port in rivalry with Fiume, in return for a promise of limited Italian support for Jugoslavia's claims in connexion with Salonica.[6] The two statesmen were believed, in fact, to have decided on the main terms of a new agreement which was intended to supplement the Pact of Friendship of the 27th January, 1924. Further conversations in this sense between Monsieur Ninčić and Signor Grandi were reported from Geneva in March, and, on the termination of the special Assembly, negotiations were expected to proceed through the ordinary diplomatic channels.[7] Monsieur Ninčić contradicted the rumour that he had given any promise not to proceed with the development of a Jugoslav port on the Adriatic,[8] but he did not deny the general trend of the negotiations, and on the 25th March he told the Chamber at Belgrade that

[1] See section (iv) below.
[2] This question will be dealt with in a subsequent volume.
[3] See above, p. 156.
[4] *Le Temps*, 27th and 28th February ; the *Corriere della Sera*, 11th March, 1926.
[5] *The Times*, 11th March, 1926. Monsieur Ninčić also made an energetic pronouncement against the *Anschluss* in a statement to the press (*Le Temps*, 28th February, 1926).
[6] *The Times*, 11th March, 1926. For the Graeco-Jugoslav negotiations over Salonica see Section (ii) below.
[7] The *Corriere della Sera*, 19th March, 1926.
[8] The *Corriere della Sera, loc. cit.* ; the *Frankfurter Zeitung*, 14th June, 1926.

all the more important questions between Jugoslavia and Italy had been settled or were on the way to settlement and that his exchange of views with Signor Mussolini had confirmed the importance of friendly collaboration between the two countries in the numerous fields where their interests were identical.[1]

Subsequently it became known that there was a close connexion between the Italo-Jugoslav negotiations in February 1926 and the conversations between Monsieur Ninčić and Monsieur Briand in March,[2] and that a tripartite agreement between Italy, France, and Jugoslavia was contemplated ; but, in the event, Monsieur Ninčić's meeting with Signor Mussolini proved to have been a new turning-point in Italo-Jugoslav relations in the opposite sense to that which the Jugoslav Foreign Minister desired. The anxiety with which Jugoslavia regarded Italy's policy of ' peaceful penetration ' in the Balkan Peninsula grew keener during 1926 in proportion to the successes achieved by that policy in Rumania, Bulgaria, and Greece, and on the most crucial question of all for Jugoslavia—that of Italian influence in Albania—Jugoslav public opinion became increasingly sensitive and suspicious during the spring and summer. A series of articles was published in the Belgrade journal *Politika* in April on the subject of Italy's economic domination over Albania,[3] which had been growing rapidly since the establishment towards the end of 1925 of a National Bank of Albania—an institution which was almost completely under Italian control.[4] These articles attracted considerable attention and created an atmosphere unfavourable to any further *rapprochement* between Italy and Jugoslavia.[5] The suspicion that Italy's interest in Albania was not of a purely economic nature was strengthened in July, when reports reached Belgrade that the Italian representative at Tirana had made proposals to Ahmed Bey Zogu, the President of the Albanian Republic, for the establishment of what amounted to an Italian protectorate over Albania. The reports added, however, that Ahmed Bey Zogu had rejected the proposals.[6]

[1] The *Corriere della Sera*, 26th March, 1926.

[2] See above, p. 156.

[3] An Albanian-Jugoslav commercial convention had been initialled in June 1926, together with consular, frontier traffic, and extradition conventions (*Le Temps*, 24th June, 1926). The negotiations, which had opened in the middle of April (*Corriere della Sera*, 15th April, 1926), had been prolonged owing to Albanian demands for further concessions (*The Times*, 10th June, 1926).

[4] See *Survey for 1925*, vol. II, Part II E, Section (v).

[5] See *The Manchester Guardian*, 21st and 30th April, 1926.

[6] *Ibid.*, 16th September, 1926.

In the meantime the Jugoslav Chamber had at the end of June ratified the Belgrade Conventions [1] (a series of technical conventions dealing with the right of settlement, railway matters, consular services, &c., which had been concluded with Italy in August 1924) ; [2] but ratification had not been effected without protests, both from Opposition deputies, who considered that the conventions would further Italy's schemes of expansion, and from Croatian, Dalmatian, and Slovene Chambers of Commerce and municipalities.[3] A further series of technical conventions dealing more especially with Fiume, Zara, and Dalmatia had been signed at Nettuno on the 20th July, 1925, and these also awaited ratification. Consideration of them was postponed till the autumn session of Parliament ; [4] and the interval was marked by growing hostility in Jugoslavia towards Italy in general and the Nettuno Conventions in particular ; by reports of Fascist excesses in Gorizia at the beginning of November [5] and of the arrest of a Slovene deputy in Rome ; [6] and by the breaking off, on the 18th November, of negotiations which had been proceeding regarding the status of the Orthodox Church in Zara and Trieste.[7] Thus Italo-Jugoslav relations were already strained when the news reached Belgrade that an Italo-Albanian treaty had been signed at Tirana on the 27th November. At that moment the Albanian Government was engaged in a struggle with a rebel movement, the outcome of which was still in doubt ; and the terms of the treaty were open to the interpretation that Italy had succeeded, this time, in establishing a protectorate over Albania. The Treaty of Tirana and its repercussions must be reserved for treatment in a later volume ; but it may be noted here that the excitement produced by the news in Belgrade was so intense as to remind observers of the situation after the annexation of Bosnia and Herzegovina by Austria in 1908 ; [8] and that the immediate result was the resignation of Monsieur Ninčić, who seems to have believed, up to the last moment, that Signor Mussolini would honour his previous undertaking not to intervene in Albanian internal affairs,[9] and who saw in the Treaty of Tirana the ruin of the policy of Italo-Jugoslav *rapprochement*

[1] *Le Temps*, 28th June, 1926.
[2] See *Survey for 1924*, Part II B, Section (iii).
[3] See *The Times*, 28th June and 2nd July, 1926 ; *The Manchester Guardian*, 9th July.
[4] *The Manchester Guardian, loc. cit.*
[5] The *Frankfurter Zeitung*, 10th November, and *Le Temps*, 11th November, 1926.
[6] *The Times*, 13th November ; *Le Temps*, 16th November, 1926.
[7] The *Frankfurter Zeitung*, 17th and 27th November, 1926.
[8] See for instance *The Times*, 6th December, 1926.
[9] See *Survey for 1925*, Vol. II, p. 285.

which he had made his own in the face of a good deal of internal opposition. There was much discussion in Belgrade over a possible reorientation of Jugoslav policy, which might bring the country into closer relations with Hungary, or even with Russia and Turkey.[1]

Thus, at the close of 1926, a cloud had appeared once more upon the Balkan horizon. Under the new international conditions created in 1920 by the establishment of the League of Nations, it might not seem to constitute an immediate threat to peace, yet the potential menace was sufficiently grave to arouse disquietude in other parts of Europe.

(ii) Greece, Jugoslavia, and Salonica

On the 15th November, 1924, the Jugoslav Government denounced the Graeco-Serbian Treaty of Alliance which had been signed on the 19th May, 1913.[2] This treaty had been concluded for ten years in the first place, and its terms provided that it should remain in force for one year after denunciation. It had therefore been open to either party to denounce it since May 1923. The immediate cause of the Jugoslav Government's action was apparently the dissatisfaction which was felt in Jugoslavia because, on the 29th September, 1924, a Greek representative had signed a protocol at Geneva by which certain special arrangements were made for the benefit of the Bulgarian minority in Greek Macedonia (a similar protocol, embodying similar arrangements, was signed at the same time by a Bulgarian representative), and the recognition thus afforded by Greece of the presence of Bulgarians in Macedonia was considered in Jugoslavia to have created a dangerous precedent.[3] For some years past, however, a considerable body of Serbian opinion had nourished resentment against Greece, on the ground that, by not coming to Serbia's assistance when the latter found herself at war with Austria-Hungary in 1914 and with Bulgaria in 1915, Greece had failed in her obligations under the Treaty of Alliance, which had thus become, in effect, of no avail. In any case, there was a widespread feeling that the change in the relative positions of Serbia and Greece as a result of the General War of 1914–18, and of the events of the succeeding years, made it desirable to revise the treaty relations between

[1] At the beginning of the year Monsieur Ninčić had already been questioned in the Chamber on the subject of relations with Turkey—*à propos* of his recent reception of Rushdī Bey, the accredited Turkish representative—but he had then denied that any change of policy was contemplated (see *The Times*, 20th January, 1926).

[2] The *Corriere della Sera*, 19th November, 1924; *The Times*, 20th November.

[3] The *Corriere della Sera*, *loc. cit.* For the Greek and Bulgarian Minorities Protocols, see *Survey for 1925*, Vol. II, Part II E, Section (vi).

the two states and to place them on a footing more in keeping with the actual situation. Thus, though both states announced, at the time of the denunciation of the 1913 treaty, that they were ready to negotiate a new alliance,[1] it was recognized that the negotiations were likely to be delicate and protracted.

During the years succeeding the War, Jugoslavia, which had replaced Serbia on the post-War map of South-Eastern Europe, with enormously increased territories, had steadily consolidated her position and increased her international prestige, in spite of internal difficulties, and in 1924 she was the possessor of a powerful army and of very great, though not fully developed, economic resources. Greece, on the other hand, had suffered heavy losses, both material and moral, owing to her disastrous defeat in the Anatolian War of 1919–22, and in 1924 the country was not only still torn by internal strife, but had also to bear the burden of the hundreds of thousands of refugees who had fled from Anatolia before the victorious Turkish army and for whom the impoverished Greek state had to find new homes and new means of livelihood.[2] Thus the balance between the two states was now decidedly unequal. From the military point of view, Greece now stood to gain far more than Jugoslavia from the alliance, and the only *quid pro quo* which Jugoslavia would be likely to demand, or Greece be in a position to grant, lay in the economic field.

As a preliminary step towards the opening of negotiations for the renewal of the alliance, the Jugoslav Government caused it to be known, immediately after giving notice of denunciation of the 1913 treaty, that there were certain questions which they desired to see settled before a new treaty could be concluded. For instance, the Greek Government had requisitioned, for the use of refugees, lands in Macedonia belonging to the Serbian monastery of Chilandari on Mount Athos, and the Jugoslav Government desired the restoration of these lands.[3] There were also questions regarding the Serbian minority in Greek Macedonia and the Free Zone in the port of Salonica which had been granted to Jugoslavia, for fifty years, by a convention of the 10th May, 1923.[4] Salonica was the natural maritime outlet for Southern Serbia, and its importance to Jugoslavia did not disappear, even after the settlement of the Fiume

[1] The *Corriere della Sera* and *The Times*, *loc. cit.*; *Le Temps*, 21st November, 1924.

[2] For the steps taken, under the auspices of the League of Nations, to deal with the problem of Greek refugees, see *Survey for 1925*, Vol. II, Part II E, Section (iii).

[3] *The Manchester Guardian*, 21st November, 1924.

[4] See *Survey for 1920–3*, Part III, Section (iii) (*a*).

dispute by the Italo-Jugoslav agreement of the 27th January, 1924,[1] since Jugoslav exporters were still reluctant to make use of an Italian-controlled Fiume. Jugoslavia, it was true, possessed ports of her own farther to the east, but the considerable developments which would be required before they could deal with any volume of trade must necessarily take time and cost money which Jugoslavia might not find it easy to raise.[2] By the end of 1924, although the Jugoslav Free Zone at Salonica had not yet come into operation (it was not formally handed over to the Jugoslav authorities until March 1925), anxiety was already being felt lest the facilities afforded by it should prove inadequate. The particular point raised in November 1924 was the exemption from quay dues of Jugoslav goods entering the Jugoslav zone ; [3] but there were other questions at issue, the most important of which were concerned with the railway communications between the port and its hinterland. The line of railway which connected Belgrade with Salonica ran for the last 48 miles of its course, from the frontier station of Gevgeli southwards, through Greek territory ; and since this section was under Greek administration, the Greek authorities had it in their power not only to delay the transit of Jugoslav goods, but also to impose traffic-rates on them, and these rates during 1924 were four times higher than those in force on the Jugoslav section of the railway.[4]

At the beginning of January 1925 it was announced that the Greek Government had reduced freights on the Gevgeli-Salonica railway to a rate approximately the same as that imposed in Jugoslavia and that they were ready to carry out various improvements on the line in order to accelerate the service.[5] This conciliatory gesture showed that Greece was anxious that the forthcoming negotiations for a new alliance should not be prejudiced from the outset by the existence of an obvious cause of complaint ; and a further proof of the Greek Government's desire to come to terms with Jugoslavia was afforded by their announcement, on the 15th January, 1925, that they did not intend to put the Bulgarian Minorities Protocol of the 29th September, 1924, into operation.[6]

In the middle of February 1925 preliminary conversations regarding the renewal of the alliance began in Athens.[7] Agreement was

[1] See *Survey for 1924*, Part II B, Section (iii) for an account of the Fiume settlement.
[2] See above, p. 161.
[3] *The Manchester Guardian*, 21st November, 1924.
[4] *Le Temps*, 2nd August, 1925 ; *The New York Times*, 28th March, 1926.
[5] *The Manchester Guardian*, 9th January, 1925.
[6] See *Survey for 1925*, Vol. II, p. 295.
[7] *Le Temps*, 15th February, 1925.

reached on all the points discussed during these conversations, and the Greek Government had no reason to anticipate any difficulty in the conclusion of the projected treaty, formal negotiations for which began at Belgrade on the 27th April, with Monsieur Caclamanos as the principal Greek delegate.[1] On the agenda for the conference there figured, besides the renewal of the alliance, the questions of the monastery lands in Macedonia, the treatment of minorities, the Free Zone at Salonica, and traffic on the Gevgeli-Salonica railway.[2] It soon became clear that the Jugoslav Government intended to use their good tactical position in order to bring pressure to bear on Greece in the matter of Jugoslavia's access to the Aegean, and their demands, as they were formulated at the Belgrade Conference, proved unacceptable to the Greek Government, in spite of the genuine and widespread fear which existed in Greece that a position of dangerous isolation would result from failure to bring the negotiations with Jugoslavia to a successful conclusion.[3]

Towards the end of May (when the negotiations were resumed after a short interruption due to the absence of Monsieur Ninčić, the Jugoslav Foreign Minister, from Belgrade),[4] the Jugoslav delegation put forward claims, not only for an enlargement of the Free Zone at Salonica—which was expected to prove too small for the erection of the necessary administrative, postal, and customs offices, warehouses and storage sheds[5]—but also for the concession of it to Jugoslavia definitively and without reserve, so that it might become, for practical purposes, a portion of Jugoslav territory.[6] With regard to the Gevgeli-Salonica railway, the Jugoslav Government wished to obviate the delays and difficulties which had been experienced[7]

[1] *Le Temps*, 22nd April; the *Deutsche Allgemeine Zeitung*, 29th April, 1925.

[2] The *Deutsche Allgemeine Zeitung, loc. cit.*

[3] The Greek opposition press had laid stress on the country's isolated position as soon as the 1913 treaty was denounced (see *Le Temps*, 22nd November, 1924). The Corfù incident of 1923 (see *Survey for 1920–3*, Part III, Section (iii) (11)), had brought home to public opinion in Greece the uselessness of relying on international support in case of a dispute with a powerful neighbour.

[4] *The Times*, 9th May ; the *Corriere della Sera*, 24th May, 1925.

[5] The zone conceded under the convention of the 10th May, 1923, consisted of 94,000 square metres, 40,000 of which were water (*The New York Times*, 28th March, 1926).

[6] See *Le Temps*, 4th June, 1925. Under Article 2 of the 1923 convention the zone was to remain an integral part of Greek territory and under Greek sovereignty.

[7] It was stated that wagons which took forty-eight hours to reach the Graeco-Serbian frontier sometimes took days or even weeks to traverse the remaining forty-eight miles to Salonica (*The New York Times*, 28th March, 1926). Since a considerable proportion of the Jugoslav goods exported via

by administering the line themselves in accordance with their own laws, and they proposed, in effect, that the line should be handed over to them in full ownership. Another Jugoslav demand was that a special convention should be concluded, outside the framework of the existing treaties, assuring protection to the Serbian minority in Greece.[1]

These demands on the part of Jugoslavia were received with indignation in Greece. To grant Jugoslavia full possession of a portion of Salonica and of the railway line connecting it with the interior would, it was feared, imperil Greek sovereignty in Macedonia to a degree which no Greek Government could be expected to contemplate.[2] As for the suggestion of a special minorities agreement, to concede this point would be to invite similar proposals from Bulgaria, Rumania, and Albania, and if a special arrangement of the kind desired were made it would give Jugoslavia the right of intervention in Greek internal affairs and would be the cause of constant friction.[3] Greece was prepared to grant every kind of commercial facility to Jugoslav goods, to make any necessary improvements on the Gevgeli-Salonica line, and to agree to neutral arbitration of any differences that might arise, and since these concessions were considered to meet Jugoslavia's economic requirements to the fullest

Salonica were perishable, this was a serious matter. Besides horses, cattle, and poultry, meat, cheese, and eggs were exported in considerable quantities. See *The New York Times*, *loc. cit.*, for estimates of the largely increased quantities of goods which could be exported via Salonica if the facilities were improved.

[1] *The Manchester Guardian* and *Le Temps*, 4th June, 1925; *Le Temps*, 2nd August, 1925.

[2] See *The Times*, 27th May, 1925; *Le Temps*, 4th June, 1925. During the Belgrade negotiations, the Jugoslav delegation seems at one time to have argued that no more alienation of sovereignty would be implied by Jugoslav control of the Gevgeli-Salonica line than was implied by Greek control of the portion of the Salonica-Monastir railway which ran through Jugoslav territory. On the Greek delegation offering to abandon control over that line, the Jugoslavs hastily retreated from their standpoint—the explanation being, apparently, that the Jugoslav railway authorities lacked sufficient rolling stock to run the line themselves and were therefore not only willing but anxious to leave it in Greek hands (see *The Manchester Guardian*, 2nd July; *Le Temps*, 2nd August, 1925).

[3] *Le Temps*, 4th June, 1925. The attitude of Jugoslavia herself with regard to the Greek and Bulgarian Minorities Protocols (by which, however, the signatories undertook obligations not to each other but to the League of Nations), had brought forcibly to the notice of the Greek Government the danger of concluding a special arrangement with one of the states interested in Macedonian minorities. The arguments advanced against the conclusion of a special convention with Jugoslavia had already been used in support of the Greek refusal to implement the Minorities Protocol of the 29th September, 1924 (see *Survey for 1925*, Vol. II, p. 296).

possible extent, any further demands must, it was felt, have a political and not an economic aim.[1]

On the 1st June, 1925, the Greek and Jugoslav delegates at Belgrade, after informing each other of the views of their respective Governments, decided that those views diverged so greatly, particularly on the questions of the Gevgeli-Salonica railway and the special minorities convention,[2] that further negotiations were useless until one Government or the other had revised its attitude. The conference was therefore adjourned *sine die*.[3]

Relations between the two countries remained officially on a friendly footing in spite of the breakdown of the negotiations, and the situation was not immediately affected by the change of administration which took place in Greece a few weeks later, when a successful *coup d'état* brought General Pángalos into power on the 25th June.[4] Nevertheless during the next three or four months there was a mutual exchange of recriminations in the Greek and Jugoslav press. Jugoslavia found fresh cause for complaint in the arrangements which were proceeding for the establishment at Salonica of a Greek Free Zone, which encircled the Jugoslav Zone and which was therefore expected still further to hamper its operation.[5] The Greek fear that the Jugoslav proposals regarding the Gevgeli-Salonica Railway would imply a limitation of sovereignty was made light of, and it was pointed out [6] that in any international agreement a certain limitation of sovereignty was inevitable—a treaty of alliance, for instance, limited a nation's right to decide whether or no it should go to war. The use of this argument—with its obvious reference to the attitude of Greece in 1914 and 1915—was a fresh sign that Jugoslavia's old grievance against Greece had not been forgotten.

In Greece anxiety was expressed regarding the possibility that Jugoslavia might be entertaining 'imperialistic' designs; but there were certain indications that neither country desired a complete rupture. At the beginning of August a suggestion was being

[1] See *Le Temps*, 4th June, 1925.

[2] The demand for full ownership of the Free Zone at Salonica appears to have been dropped, and the Greek delegation was willing, in principle, to agree to an enlargement of the zone.

[3] *The Times*, 2nd June; the *Corriere della Sera*, 3rd June, 1925.

[4] *The Times*, 26th June, 1925.

[5] *Le Temps*, 2nd August, 1925. The Greek Free Zone was inaugurated on the 15th October, 1925. Its establishment had been contemplated in the convention of the 10th May, 1923.

[6] For example, by M. Ninčić in a statement to a Greek journalist (see *Le Temps*, 2nd August, 1925).

canvassed that, in order to put an end to disputes regarding the Gevgeli-Salonica railway, the exploitation of the line should be entrusted to an international company.[1] Greece proposed the formation of a company in which she would hold the majority of the shares, while Jugoslavia suggested that 60 per cent. of the shares should be in French hands, 20 per cent. in Greek, and 20 per cent. in Jugoslav.[2]

Since the question of the Gevgeli-Salonica railway was the most crucial of the points on which agreement had not been reached, these proposals formed a basis on which fresh negotiations might proceed. Towards the end of September, when Monsieur Rentis, the Greek Minister for Foreign Affairs, returned to Athens after attending the Assembly of the League of Nations at Geneva, he was able to announce that his country's relations with Jugoslavia were once more on a footing of confidence and cordiality, and that negotiations regarding the treaty of alliance would in future be pursued through the ordinary diplomatic channels.[3] Early in October a new Greek Minister, Monsieur Polykhroniádhis, was appointed to Belgrade, and at his first interview with Monsieur Ninčić he seems to have announced that his Government would continue to collaborate with Jugoslavia for the maintenance of peace in the Balkan Peninsula.[4]

On the 8th January, 1926, the Jugoslav Minister at Athens informed the Greek Government that his Government would be disposed to consider the conclusion of a Balkan Pact, on lines similar to the Rhineland Pact concluded at Locarno in the previous October, provided that outstanding questions could first be settled.[5] As a result of this announcement, the Graeco-Jugoslav negotiations took a new turn. The Greek Government abandoned the idea of entrusting the exploitation of the Gevgeli-Salonica railway to a French or to an international company, and began to contemplate the conclusion of a technical convention which would give Jugoslavia full security for traffic with her zone in Salonica, without imperilling Greek sovereignty. General Pángalos, who had proclaimed what was in fact a military dictatorship at the beginning of January 1926[6]

[1] *The Times*, 3rd August, 1925; *Le Temps*, 4th August.
[2] *Le Temps*, 31st January, 1926.
[3] *Ibid.*, 23rd September, 1925.
[4] *The Times*, 9th October, 1925.
[5] *Le Temps*, 6th February, 1926. The intention was apparently that a bilateral Graeco-Jugoslav treaty should still be concluded, but that this should be merely the first of a series of similar treaties to be concluded by Greece and Jugoslavia with neighbouring countries (the *Corriere della Sera*, 30th June, 1926).
[6] *The Times* and *The Manchester Guardian*, 4th January, 1926.

(a step which he followed up in April by securing his election to the Presidency of the Greek Republic, after he had induced Admiral Konduriótis, the holder of the office, to resign), declared early in February that he was ready to make great sacrifices in order to place Graeco-Jugoslav relations on a satisfactory footing, but that any demands from Jugoslavia that were inconsistent with the national dignity of Greece could not be granted.[1]

In the course of conversations at Geneva during the Special Assembly of the League of Nations which was held in March 1926, the Foreign Ministers of Jugoslavia and of Greece, Messieurs Ninčić and Rúphos, succeeded in reaching an agreement in principle on the basic provisions of a convention which would deal with the question of the Jugoslav Free Zone at Salonica and of the access to it by rail.[2] A convention was drafted by a Greek Committee,[3] and this was presented to the Jugoslav Government, as a basis for discussion, on the 15th June.[4] In the meantime discussions had been proceeding at Salonica, between Greek and Jugoslav delegates, on technical matters connected with the Jugoslav zone.[5] The object of this procedure was to clear the ground before the formal negotiations for a treaty were opened, so that the negotiations should not be wrecked, as they had been in 1925, by the formulation of unexpected and unacceptable demands by one party.[6] The procedure was successful and, after the Greek proposals had been examined at Belgrade and further discussions had taken place, a treaty of friendship and conciliation, accompanied by a series of technical conventions, was signed at Athens on the 17th August, 1926.[7]

The treaty of friendship was to be valid for only three years, but it was to be renewable, and was to remain in force for six months after abrogation by either party. Its provisions were said to be purely defensive and to have been drawn up in consonance with the terms of the League of Nations Covenant (that is, the treaty was not directed against any third state), and on the basis of the maintenance of the territorial arrangements laid down in the Peace Treaties.[8] The technical conventions, which were to remain in force for fifty years,[9] dealt with the points which had remained in dispute when

[1] *Le Temps, loc. cit.*
[2] *Ibid.*, 6th May, 1926; the *Corriere della Sera*, 18th August, 1926; *Le Temps*, 19th August.
[3] *The Times*, 17th April, 1926. [4] *Ibid.*, 18th June, 1926.
[5] *Le Temps*, 17th January and 17th February, 1926; *The Times*, 18th June, 1926. [6] See *Le Temps*, 3rd July, 1926.
[7] *The Times*, 18th August, 1926. [8] *The Times, loc. cit.*
[9] The *Frankfurter Zeitung*, 19th August, 1926.

negotiations broke down in 1925. An extension of the Jugoslav Free Zone at Salonica by about 10,000 square metres [1] was agreed upon in principle, and the exact limits were left for subsequent definition. The Jugoslav customs and health officers were to be accommodated in the Free Zone, and were to consult the Greek harbour master where necessary.[2] The contracting parties agreed to equality of tariffs in their respective zones and to equality of railway rates, and Jugoslavia also undertook to apply equal rates to Greek goods in transit over Jugoslav railways.[3] Jugoslavia received the valuable right to bring into her zone, free of duty, goods from neighbouring countries with which she had commercial treaties.[4] Greece was to retain the ownership of the Gevgeli-Salonica railway, and Jugoslavia agreed to cede to her, in return for 20,000,000 French francs,[5] the rights which she had acquired in the railway, owing to the purchase by a Serbian syndicate of certain claims against the Oriental Railway Company. Greece, having thus secured legal recognition of her proprietorship, agreed that a Jugoslav representative should collaborate with the Greek railway administration in controlling the line and that any dispute should be settled by a French arbitrator. The frontier station at Gevgeli was to be common to both parties, and a special convention was to be concluded to define the duties of their respective officials. In the Salonica station Jugoslav officials were to assist in the control of Jugoslav traffic.[6] The question of minorities was settled on the basis that both parties were, and would continue to be, solely responsible to the League of Nations for the minorities in their respective territories.[7] These conventions were considered in Jugoslavia to provide satisfactory guarantees for the transport of Jugoslav goods to and from the port of Salonica while relieving Greek apprehensions by recognizing the sovereign rights of Greece.[8]

In other countries which were indirectly interested in the question of Graeco-Jugoslav relations the treaties met, on the whole, with a good reception. In Bulgaria—where the Government was very anxious to conclude a commercial agreement with Greece—the settlement was welcomed as likely to conduce to improved relations

[1] The *Corriere della Sera*, 19th August, 1926.
[2] *The Times*, 18th August, 1926.
[3] *The Times, loc. cit.*
[4] The *Corriere della Sera*, 19th August, 1926.
[5] The *Corriere della Sera, loc. cit.*; *The Times, loc. cit.*
[6] *The Times, loc. cit.*
[7] *The Times, loc. cit.*
[8] See a summary (in *The Times* of the 19th August) of a communiqué issued by the Jugoslav Government on the 17th August, 1926.

between Sofia and Athens.[1] In France the news was also received with satisfaction, on the ground that a Graeco-Jugoslav *rapprochement* was essential for the maintenance of the situation created by the Peace Treaties.[2] In Turkey, some anxiety was felt as to the scope of the treaty of friendship, and the Turkish Minister in Athens asked for, and received, an assurance that the provisions of the treaty contained no threat against any other state.[3] The tone of the Italian press was at first favourable,[4] but a rumour, published by *L'Humanité* of Paris,[5] that a secret treaty had been signed at the same time as the acknowledged agreements, was widely credited in Italy, and public opinion was by no means satisfied that Greece and Jugoslavia had not concerted some secret plan designed to hamper Italian aspirations, even though the existence of the alleged treaty was categorically denied, first by semi-official agencies, and then by the Jugoslav Legation in Rome.[6]

In the event, the treaty of friendship and the conventions signed

[1] *The Times*, 20th August, 1926. Negotiations for a commercial treaty opened at the beginning of December 1926 (*Le Temps*, 8th and 9th December, 1926). For Graeco-Bulgarian relations during 1926 see also Section (vi) below.

[2] See *Le Temps*, 19th August, 1926.

[3] *The Times*, 20th and 23rd August, 1926. Greece and Turkey were at this time still negotiating for the liquidation of questions regarding their respective minorities, an agreement on this subject being signed on the 1st December, 1926 (see *Survey for 1925*, Vol. II, Part II E, Section (i)). They had also recently been engaged in a dispute over the demarcation of their frontier in the Maritza delta. The Greek Government held that under Art. 2 of the Lausanne Treaty the western arm of the Maritza and the Island of Giaur Ada enclosed between the two branches of the river were Greek territory; the Turkish Government contended that the question was open, and must be settled by the Mixed Delimitation Commission set up under the Treaty. On the 26th February, 1926, Greece asked the League of Nations Council to obtain from the Permanent Court of International Justice an interpretation of Art. 2 of the Lausanne Treaty. The Turkish Government opposed the Greek request on the ground that under Art. 5 of the Lausanne Treaty the Mixed Delimitation Commission was alone competent to decide the dispute. A committee of jurists to whom the Council referred the matter was of opinion that the frontier must be delimited by the Mixed Commission, with the advice of qualified persons, and that Par. 2 of Art. 11 of the Covenant (on which Greece had based her request) did not apply to the circumstances of the case. The dispute was accordingly referred back to the Delimitation Commission by a Council decision of the 18th March. At the beginning of August the Commission was reported to have decided in favour of Greek ownership of the island of Giaur Ada (*The Times*, 5th August, 1926), and on the 5th November, 1926, a protocol for the delimitation of the Graeco-Turkish frontier, in accordance with the decisions of the Mixed Commission, was signed at Athens (*The Times* and *Le Temps*, 8th November, 1926).

[4] See the *Corriere della Sera*, 19th August, 1926.

[5] *Ibid.*, 26th August, 1926.

[6] *Ibid.*, 27th and 29th August; *The Manchester Guardian*, 28th August, 1926.

on the 17th August did not come into force. General Pángalos announced at the time of signature that he intended to ratify the agreements by legislative decree immediately, instead of submitting them for Parliamentary approval—the procedure which Jugoslavia was to follow.[1] On the night of the 21st–22nd August, however, another *coup d'état* took place in Athens and General Pángalos was overthrown by General Kondylis,[2] who at once announced that he should follow the usual constitutional procedure and submit the agreements with Jugoslavia to Parliament for ratification.[3] Although General Kondylis supplemented this announcement by public declarations that his sentiments towards Jugoslavia were of the friendliest description,[4] it soon became clear that under the new circumstances the agreements were not likely to be accepted by Greece without modification. It was perhaps only to be expected that the men who had now seized the reins of office in Greece should be reluctant to approve the results achieved by the predecessors whom they had ousted ; but at the same time there was apparently a genuine feeling throughout the whole country that General Pángalos, in his desire to have a settlement with Jugoslavia to his credit, had made concessions which Greece could not afford to grant.[5]

The views of an influential section of the Greek public were summed up towards the end of September [6] by Monsieur Mikhalakópulos, the leader of the Liberal Party, who had been Prime Minister in the Government which General Pángalos had driven from office, and who had therefore been responsible for the Greek refusal to accept Jugoslavia's demands in May 1925. Although those demands had been considerably abated in the negotiations of 1926, it was still feared that Greek sovereignty would be threatened by the rights which Jugoslav authorities would acquire under the agreement in Macedonia—for Jugoslav political aspirations in that region were still a matter of suspicion. The extended facilities granted to Jugoslavia at Salonica would be likely to impair the Greek transit trade through the port, since, if Jugoslavia in her turn chose to create difficulties at the frontier for goods destined for the Greek zone, merchants would naturally be inclined to prefer the Jugoslav zone, into which, moreover, under the agreement, goods from neighbouring countries would be admitted under favourable conditions. In any case, friction was bound to occur where commercial rivals had to

[1] *The Times*, 25th August, 1926. During the Pángalos régime the Greek Parliament was in abeyance.
[2] *Ibid.*, 23rd August, 1926.
[3] *Ibid.*, 25th August, 1926.
[4] *Le Temps*, 27th August, 1926.
[5] See *The Times*, 23rd September, 1926.
[6] See *The Times, loc. cit.*

use the same means of communication with the port (the Gevgeli-Salonica railway was the only available line connecting Salonica with its hinterland), and it was feared that the least difficulty would be exaggerated and would give rise to a storm of protests.[1] Lastly, objection was taken to the relative periods for which the treaty of friendship and the technical arrangements were to run ; the former would expire at the end of three years, and it was feared that Jugoslavia, having acquired special privileges for the transit of her goods, and of those from Poland, Czechoslovakia, and Rumania, through Salonica for fifty years, might refuse to renew the alliance, or seize the opportunity to demand further concessions.

In November 1926 Parliamentary elections were held in Greece, and early in December a new Government was formed after many weeks of political manœuvring. The Government, in which Monsieur Mikhalakópulos was given the post of Foreign Minister, was expected to open discussions with Jugoslavia at an early date with a view to obtaining modifications in the agreements of the 17th August.[2] Greek politicians hoped that Jugoslavia would be inclined to meet their wishes regarding Salonica in order to make sure of Greek friendship in the new situation created by the Italo-Albanian treaty which had been signed at Tirana at the end of November 1926,[3] since the immediate result of that treaty had been to arouse in Jugoslavia something of the same fear of isolation which had haunted Greece herself. No immediate *démarches* to Jugoslavia appear to have been made, but in the middle of April 1927 negotiations for a Graeco-Jugoslav commercial treaty opened in Athens,[4] and during the course of the discussions the Greek Government took the opportunity to reopen the questions which had been dealt with in the convention of August 1926.[5] Their attitude was that, while Greece was still ready to grant Jugoslavia every facility for her trade through Salonica, Greek sovereign rights must be fully safeguarded, and that this necessary condition was not fulfilled by the conventions negotiated under the Pángalos régime. Objections were raised on four points in particular—the duration of the political treaty ; the cabotage rights granted to Jugoslav vessels (provision had been

[1] It will be noted that many of these objections applied with equal force to the situation created by the 1923 convention (which would not be modified by refusal to ratify the 1926 convention). The technical difficulties anticipated would appear, in part at least, to be inherent in any arrangement for sharing a port.

[2] See *Le Temps*, 13th December, 1926.

[3] See above, p. 164. The Tirana Treaty will be dealt with in the *Survey for 1927*.

[4] *Le Temps*, 13th April, 1927 ; *The Times*, 16th April.

[5] *Le Temps*, 7th May, 1927.

made in the agreement that ships flying the Jugoslav flag should be considered as entitled to the right of cabotage when they left the Jugoslav zone and entered another Greek port); the choice of an arbitrator for disputes arising over transport on the Gevgeli-Salonica railway (under the agreement the arbitrator was to be of French nationality, and the Greek view was that the League of Nations should be entitled to appoint an arbitrator of any nationality); and finally, the transit of foreign goods through the Jugoslav zone.[1]

Early in July it was reported that an agreement on general principles, which was to form the basis of fresh negotiations, had been reached in Paris between the Greek and Jugoslav Foreign Ministers, by which the latter agreed to waive the points to which Greece took special exception.[2] The report of the agreement was not confirmed, but in the middle of July the Greek Cabinet decided to submit the treaty and agreements of August 1926 to the Chamber when it met in the following month, though it was a foregone conclusion that the Chamber would reject them.[3] At one time, the Government had been credited with the intention of refusing to lay the agreements before Parliament, on the ground that they had been concluded under an illegal régime and therefore had no binding force,[4] and on more than one occasion the procedure to be followed had been the subject of inquiry by Opposition deputies.[5] The agreements were finally laid before the Chamber in the third week of August, and were immediately referred to the Foreign Affairs Commission,[6] which reported against ratification. The Commission took the view that the expressed desire of the Greek nation for friendly relations and continued collaboration with Jugoslavia made rejection of General Pángalos's settlement inevitable, since friendly relations could not be founded on conventions 'involving moral diminution and material damage to one of the parties'. On the 25th August the Greek Chamber unanimously decided on the non-ratification of the political treaty and the technical conventions which had been signed on the 17th August, 1926.[7]

[1] In addition to the fear of Jugoslav competition in the matter of foreign trade, the possible objection was raised that France might take advantage of this provision to supply munitions to Poland and the Little Entente countries, and that this traffic in arms would place Greece in a difficult position in the event of hostilities (see *Le Temps, loc. cit.*)

[2] *Le Temps*, 9th July; the *Frankfurter Zeitung*, 10th July, 1927.

[3] *The Times*, 20th July, 1927.

[4] See *Le Temps*, 7th May, 1927.

[5] *Ibid.*, 27th March and 15th May, 1927.

[6] *Ibid.*, 24th August, 1927.

[7] *The Times*, 27th August, 1927.

(iii) The International Repercussions of the Forged Banknotes Scandal in Hungary.

In earlier volumes of this Survey [1] an account has been given of the relations between Hungary and her neighbours during the years immediately succeeding the War of 1914–18, of the anxiety felt by the 'Little Entente' regarding irredentist activities in Hungary and attempts to restore the Hapsburgs, and of the gradual improvement in the situation which made it possible for Monsieur Beneš and his colleagues in Jugoslavia and Rumania to give their consent to measures for the reconstruction of Hungary's finances, even though those measures, if successful, would restore to Hungary the strength which she lacked and thus enable her, should she so desire, to threaten the peace of Central Europe more effectively than before.

By the end of 1925 there was no longer any doubt that the scheme for the financial reconstruction of Hungary under the auspices of the League of Nations would be carried through with complete success, and that the country was even on the road to some measure of prosperity.[2] Unfortunately, at this stage, when the question of withdrawing the control exercised by the League of Nations over Hungary's finances was about to come up for consideration and when projects were under discussion, as a sequel to the Locarno Conference, for the inclusion of Hungary in some kind of Security Pact to be concluded between the states of Central and South-Eastern Europe,[3] a plot for counterfeiting French currency was revealed, the implications of which gave neighbouring countries reason to believe that the spirit which the Little Entente had been formed to combat was by no means dead in Hungary.

In the middle of December 1925 information was received in Hungary of the arrest in Amsterdam of three Hungarians who had in their possession a number of forged French 1000 franc notes.[4] Inquiries instituted by the Hungarian police resulted in the arrest on the 4th January of Prince Ludwig Windischgraetz,[5] who had been a prominent figure at Court in the days of the late King Charles. He had acted as Food Minister for a short time in 1918, but had since then taken no open part in politics, though he was believed to have been concerned in various Nationalist intrigues.[6] Prince Ludwig's arrest was followed on the 5th January by that of Monsieur Nadosy,

[1] *Survey for 1920–3*, Part III, Section (iii) (2); *Survey for 1924*, Part II B, Section (iv).
[2] See Section (v) below.
[3] See above, p. 155.
[4] *The Times*, 4th and 11th January, 1926.
[5] *Ibid.*, 5th January, 1926.
[6] *The Times*, *loc. cit.*, and 11th January; *Le Temps*, 9th January, 1926.

who for several years had held the post of Chief of Police ; [1] and during the next few days it was discovered that the forged notes had been printed in the cellars of the State Cartographical Institute and that not only technical employees of the Institute but also its administrative head were implicated.[2]

From the information acquired in the course of the police investigations and from statements made by the accused persons,[3] it appeared that the plot had been initiated in 1922 or 1923 by Prince Ludwig Windischgraetz, who had acted throughout from ' patriotic ' motives, and who had persuaded Monsieur Nadosy to take part in order to ensure that none of the proceeds were used for personal gain. Monsieur Nadosy, owing to his official position, was able to afford the conspirators a large degree of security. An expert German forger, Arthur Schulze, had been concerned in the first stages of the plot, and paper and machinery had been obtained from Germany and Austria. An expert from the Cartographical Institute named Gero had been introduced to Prince Ludwig Windischgraetz by Count Paul Teleki (a friend of the Prime Minister, Count Bethlen, and his predecessor in office) ; [4] but Count Teleki explained that his intention had been to dissuade Prince Ludwig from the project by showing him the technical difficulties, and that, having received an assurance from Gero that the scheme had been abandoned as impracticable, he had supposed that the whole affair had been nipped in the bud. Gero, however, had been persuaded to proceed (according to his own account, by his official superior, General Haits, then head of the Cartographical Institute), and by September 1925 some 30,000 forged notes had been produced. A number of young men were then selected to circulate the notes, each of whom was required to take an oath in the presence of Bishop Zadravecz, a Roman Catholic Chaplain to the Forces. The distributors started early in December in two groups—one for Italy and the other for Northern Europe—but the arrest of three of them in Holland in the middle of the month led to the disclosure of the whole plot.

[1] *The Times*, 7th January, 1926.

[2] *Ibid.*, 8th, 9th and 11th January, 1926.

[3] See an official communiqué issued on the 10th January (*The Times* and *The Manchester Guardian*, 11th January, 1926) ; the indictment by the Public Prosecutor issued on the 1st February (*The Times*, 2nd February), and the account of the trial in *Le Temps* for the 9th May and following days and *The Times* for the 22nd May, 1926.

[4] Count Teleki's share in the affair was not revealed until the middle of February (see *Le Temps*, 17th February ; *The Times*, 18th and 19th February, 1926). For Count Teleki's work on the League Commission of Inquiry in the Mosul Vilāyet, see *Survey for 1925*, Vol. I, p. 499.

The rank and official position of the principal agents in the affair would in any case have made it a scandal of the first magnitude and would have provided the European press with a sensational item of news; but the crime assumed a more serious aspect when it became known that the accused persons,[1] with one accord, pleaded patriotic motives as their excuse.[2] The exact object of the plot was to the end involved in mystery, but it was universally believed to be of a political nature, and though the Government at first attempted to explain it on economic grounds alone,[3] this explanation was never credited and was soon dropped. Prince Ludwig Windischgraetz was reported at an early stage of the inquiry to have declared that his object was to injure French finances and if possible provoke a revolution in France which could be turned to account by irredentists in Hungary.[4] There appeared to be some confusion in the minds of some of the accomplices as to the object aimed at,[5] but though no political party or group, as such, was directly implicated,[6] the majority of the leading conspirators were known to hold extreme Nationalist views, whether they called themselves 'Awakening Magyars' or 'Albrechtists' (supporters of the Archduke Albrecht, the son of the Archduke Friedrich) or Fascists.[7] It was generally assumed that the funds obtained from the forgeries were to be used to promote the restoration of a Hapsburg to the throne of Hungary; and early in January there was talk of a *Putsch* in favour of the Archduke Albrecht.[8] The Archduke promptly resigned his presidency of a National Society, one of whose Vice-Presidents was implicated, and announced that for years he had had no relations at all with Prince Ludwig Windischgraetz;[9] and the evidence given by the conspirators appeared to prove that the Archduke was not a direct accomplice,[10] though his supporters possibly had intentions of which he was unaware. In France there was a tendency to connect the

[1] By the 10th January there were twenty-four persons under detention (*The Times*, 11th January, 1926), and a few more were arrested subsequently.

[2] See *The Times*, 5th January; *Le Temps*, 9th January, 1926.

[3] See, for example, *The Times*, 12th and 26th January; *Le Temps*, 13th January, 1926.

[4] See *Le Temps*, 9th January, 1926.

[5] *The Times*, 25th February, 1926.

[6] *The Manchester Guardian*, 11th January, 1926.

[7] *The Times*, 13th January, 1926. The 'Legitimist' supporters of the Archduke Otto (eldest son of the late King Charles), whose party formed part of the Parliamentary Opposition, were apparently not implicated in any way (*The Times, loc. cit.*).

[8] See *The Times*, 5th and 7th January, 1926.

[9] *Le Temps* and *The Times*, 9th January, 1926.

[10] *The Times*, 25th February, 1926.

activities of the Hungarian forgers with reactionary movements in Germany (the complicity of the German forger Schulze, who was believed to have had a hand in the murder of Erzberger, was adduced in proof of this) ; [1] and reports were even circulated that there was a widespread conspiracy to overturn the existing régimes in Austria, Bavaria, and Rumania as well as Hungary, and that the scheme had been planned with the knowledge and approval of Signor Mussolini.[2] Whatever may have been the underlying motives of the conspirators, their plans were presumably not ripe at the time when the plot was discovered, since, if the forgeries were indeed intended to finance a *Putsch*, the conversion of the forged notes into cash would be a necessary preliminary to action.[3]

The point on which controversy mainly turned was whether the Hungarian Government were implicated in the plot, and, if it were, to what extent. It was of course of great importance, not only for the reputation of the individual Ministers concerned but also for the future of the country as a whole, that the Government—which, under Count Bethlen's guidance, had for some years past been pursuing a foreign policy that had gone far to rehabilitate Hungary in the eyes of Europe and that numbered among its fruits the reconstruction of the national finances—should be cleared of the charge of complicity in an offence against international morality which was aggravated rather than mitigated in the opinion of non-Hungarians by the plea of ' patriotism '. The enemies of the existing régime, both at home and abroad, were not slow to accuse those in authority of connivance, if not active participation, in the plot. At first, the name most often mentioned was that of Admiral Horthy, the Regent of Hungary. Monsieur Nadosy, the Chief of Police, was known to be on intimate terms with the Regent, and was indeed suspected in some quarters of being ' the power behind the throne ' which had been responsible in the past for the condonation of much reactionary activity.[4] Attempts were made to implicate other members of the Regent's *entourage*,[5] and it was suggested that he himself was trying to serve the cause of the Archduke Albrecht.[6] No concrete evidence

[1] See *The Times*, 8th and 26th January ; *Le Temps*, 9th and 13th January, 1926.

[2] See, for example, an article by Mr. Robert Dell in the London *Nation*, 27th February, 1926.

[3] As Count Bethlen pointed out, the sum involved (30,000,000 francs or about £230,000 at current rates of exchange) was inadequate to finance an internal, let alone an international, plot (*The Times*, 26th January, 1926).

[4] See *The Manchester Guardian*, 28th January ; *The New Republic*, 3rd March, 1926.

[5] *The Times*, 13th and 16th January, 1926.

[6] *Ibid.*, 15th January, 1926.

was apparently forthcoming to connect Admiral Horthy with the affair, but in the case of Count Bethlen, the Prime Minister, certain facts came to light which were given a sinister interpretation by his opponents, whose zeal was no doubt inflamed by the personal hatred which played a large part in Hungarian politics.[1] Towards the end of January it became known [2] that Count Bethlen had heard rumours of the existence of forged French banknotes at the end of November 1925 and had instigated inquiries through a personal friend, but that, on receiving a reassuring reply, he had contented himself with informing the Chief of Police, Monsieur Nadosy, of the circumstances.[3] Later, Count Bethlen acknowledged that Count Teleki had spoken to him about the affair when it was in its first stages, but since both men then believed the plot to be an abortive one the only action taken by the Prime Minister on this occasion also was to ask Monsieur Nadosy to watch for developments.[4] Count Bethlen admitted that he might be accused of negligence, but he declared that he had acted in good faith, and pleaded in excuse that rumours of plots and intrigues were constantly coming to his ears, and that his action in informing the Chief of Police would have been effective but for Monsieur Nadosy's own part in the conspiracy.[5]

The suspicion that the Government had something to hide was not allayed by what appeared to the Opposition to be unnecessary delays in setting investigations on foot,[6] but a formal declaration by the Government that the inquiry would be pursued with the utmost rigour and without respect of persons[7] helped to calm public opinion. By the time when Parliament met on the 19th January Count Bethlen had succeeded in consolidating his position at the head of the Government ; and even the subsequent disclosures which might have appeared to compromise him did not seriously shake his power.[8] The Parliamentary Opposition were heavily outvoted by the Government's supporters when they asked for information on the

[1] *The Times*, 1st February, 1926.

[2] The report was apparently published in the first place by the Vienna paper *Abend* and was promptly denied by the Hungarian authorities (see the *Corriere della Sera*, 23rd January, 1926).

[3] See *The Times*, 1st and 2nd February ; *Le Temps*, 7th February, 1926.

[4] *Le Temps*, 4th March and 23rd April ; *The New York Times*, 19th May, 1926.

[5] *The Times*, 8th February, 1926 ; *Le Temps*, 9th February and 4th March, 1926.

[6] See the minority report of the Parliamentary Commission of Inquiry, reproduced in *L'Europe Nouvelle*, 9th October, 1926.

[7] *The Times*, 6th January, 1926 ; *Le Temps*, 9th January, 1926.

[8] *The Manchester Guardian*, 11th January, 1926 ; *The Times*, 21st January and 1st February, 1926.

motives and true extent of the conspiracy,[1] but on the 20th January the Government agreed to the appointment of a Parliamentary Commission, consisting of fifteen deputies from among the Government's supporters and ten from Opposition parties, to inquire into the political aspect of the crime.[2] The Commission, which was empowered to examine documents and witnesses,[3] presented a majority and a minority report to the National Assembly on the 24th February.[4] As was to be expected in view of the composition of the Commission, the majority report exonerated the Government from all blame ; but the minority report held that they had displayed marked negligence, though it did not make out any clear case for their direct responsibility. Neither report threw much light on the question of the conspirators' motives.[5] The majority report was finally adopted by the National Assembly on the 23rd March, after a debate which had lasted for some weeks and which had been marked by much rancour. In adopting the report and thereby formally whitewashing the Government, the National Assembly passed a resolution which condemned any illegal action even if it was inspired by patriotic motives.[6] Similar sentiments were expressed in a declaration to the people issued on the 7th March over the signature of more than a hundred eminent Hungarians, who drew attention to the danger to the country of letting the case develop into a question of party politics and called for unsparing severity in clearing up the whole matter.[7] This declaration showed that a considerable body of moderate opinion recognized the damage which Hungary's reputation must be expected to suffer if 'Awakening Magyars' and other reactionaries continued unchecked to extol as national heroes 'patriots' of the type of Prince Ludwig Windischgraetz and Monsieur Nadosy.[8]

In neighbouring countries the affair had from the first been taken seriously. The Austrian press was especially bitter in its comments, and a number of sensational rumours regarding the scope of the conspiracy and the responsibility of those in authority had their

[1] *The Times*, 20th January, 1926.
[2] *Ibid.*, 21st and 22nd January, 1926.
[3] It had no power, however, to compel witnesses to appear before it, and one or two of the leaders of the conspiracy refused to do so (*ibid.*, 15th February, 1926).
[4] *Ibid*, 25th February, 1926.
[5] *The Times*, *loc. cit.* For the minority report, see *L'Europe Nouvelle*, 9th October, 1926.
[6] *The Times*, 24th March ; *Le Temps*, 25th March, 1926.
[7] *The Times*, 8th March, 1926.
[8] On the attitude of the reactionary parties and groups see *ibid.*, 13th January, 1926.

origin in Vienna.[1] In Czechoslovakia, where pro-Hapsburg intrigues were taken for granted as the background of the plot,[2] the official view was that these forgeries of French notes were the work of the same hands which had produced counterfeit Czechoslovak currency between the years 1919 and 1922. These earlier forgeries, it was recalled, had been traced to Hungarians, but in spite of repeated protests the Czechoslovak Government had never obtained any satisfaction on the subject from Budapest, and though criminal proceedings had been opened in a number of cases they had always been abandoned on the ground of lack of evidence, owing, it was now supposed, to the influence of Monsieur Nadosy. The whole succession of crimes was attributed to extremist groups in Hungary who were deliberately attempting, possibly with the connivance of the Government, to hinder the process of *rapprochement* between Hungary and her neighbours by undermining the confidence which must form the basis of economic and other relations between states. [3] The Government at Prague therefore considered that the judicial inquiry into the franc forgeries should be extended to cover the forgeries of Czechoslovak crowns, and a note was sent to Budapest on the 7th January, asking for a reply to notes already sent in 1922 and 1923, but the answer received on the 28th January was to the effect that the question of the forged crowns could not be reopened since proceedings had already been abandoned.[4] In the meantime, since the first disclosures, the Czechoslovak press had been trying to make out a case for some form of intervention in Hungary ; [5] action by France was apparently contemplated at first, and it was then suggested that an inquiry might be undertaken by the League of Nations.[6] By the second week of January Czechoslovakia was reported to have approached her fellow members of the Little Entente with a view to concerted action.[7] Jugoslavia and Rumania,

[1] See *The Times*, 7th and 13th January, 1926. In the middle of January Hungarian irredentist activities formed the subject of an interpellation of the Government by an Austrian Opposition Deputy (the *Frankfurter Zeitung* and *The Times*, 15th January, 1926).

[2] *The Times*, 7th January, 1926. [3] *Ibid.*, 7th and 9th January, 1926.

[4] *Ibid.*, 17th February ; *Le Temps*, 18th February, 1926. For a detailed statement by Count Bethlen in reply to the Czechoslovak accusations see *Le Temps*, 1st March, 1926.

[5] Indiscreet statements in certain journals cast some doubt on the purity of Czechoslovak motives. For instance, the *Ceske Slovo* on the 5th January (cited in *The Times*, 13th January) declared that the affair of the forgeries demonstrated once more the justice of Czechoslovakia's demand for a corridor through Hungary to connect her with Jugoslavia.

[6] See *The Times*, 13th and 15th January, 1926 ; *The Manchester Guardian*, 28th January, 1926. [7] *The Times*, 13th January, 1926.

however, were inclined to adopt a cautious attitude. Jugoslavia was also suffering at the beginning of 1926 from counterfeit currency, a number of forged 1000-dinar notes having been put into circulation, but these were found to have been printed in Germany, and though it was reported at one time that a connexion with the Hungarian affair had been traced,[1] this was subsequently contradicted.[2] Political circles in Belgrade were said to interpret the franc forgeries as new proof of Hungarian preparations for revenge,[3] but at the same time the Jugoslav Government was reported not to be disposed to take any action until there was clear proof that their interests were affected, though they might eventually consider taking part in a joint *démarche*.[4] The Rumanian Government also adopted a passive attitude,[5] and in the middle of January the Czechoslovak Government caused an official announcement to be made that no action would be taken until the results of the judicial inquiry in Hungary were known.[6] The Foreign Ministers of the three Little Entente states met at Temesvar on the 10th February, and discussed the question of the forgeries in detail; their ultimate decision was that the result of the inquiry must be awaited,[7] but they were believed to have discussed the desirability of consulting the French Government and following any action taken by France 'in the matter of instituting a serious control over Hungarian policy'.[8]

France might naturally be expected to take the lead in any international action arising out of the franc forgeries, since she was the party whose interests were most directly affected. From the beginning of the year representatives of the Bank of France and French detectives had been engaged in inquiries in connexion with the affair in Hungary and in other countries, and at the end of January the French Government had found it necessary to make representations through their Minister at Budapest on the subjects of co-operation between the French and Hungarian police and the admission of French officials to be present during the examination of accused persons.[9] It was indeed asserted in the French press that

[1] *Ibid.*, 7th January, 1926.
[2] *Le Temps*, 11th January, 1926. See also *The Times*, 12th and 14th January.
[3] *The Manchester Guardian*, 11th January, 1926.
[4] *The Times*, 13th January, 1926. [5] *Ibid.*, 18th January, 1926.
[6] Statement by the Czechoslovak Legation in London (*The Times*, 15th January, 1926).
[7] Official communiqué published in the *Corriere della Sera*, 11th February, 1926. [8] *The Times*, 11th February, 1926.
[9] *Ibid.*, 27th and 28th January, 1926. The position was delicate as Hungary was still subject to military control, and public opinion was peculiarly

the arrest of Prince Ludwig Windischgraetz and of Monsieur Nadosy would not have taken place but for energetic action by the French Minister,[1] but it was officially denied in Hungary that there had been any necessity for French intervention to speed up the investigations.[2] Later on the French Government asked for explanations on certain points raised in the minority report of the Hungarian Parliamentary Commission, which had dealt in great detail with the alleged delays at the beginning of the police inquiries, and the reply received was accepted as showing anxiety on the part of Hungary to meet French wishes with regard to police co-operation.[3] The French Ministry of Foreign Affairs, for their part, clearly desired to embarrass Count Bethlen as little as possible,[4] but a certain amount of hostile comment was inevitable both in the press and in Parliament. On the 3rd March Monsieur Léon Blum remarked in the Chamber of Deputies that it was clear that the counterfeit notes had been manufactured with the knowledge of the Hungarian Government and were intended to meet military expenses forbidden by the Treaty of Trianon. Monsieur Briand, in reply, indicated that the Government intended to take no steps at present, but that they, in agreement with the Czecho-slovak Government, would at the proper moment 'draw the necessary conclusions from this affair of incredible brigandage'.[5]

In Paris, as in Prague, it was recognized that the results of the trial of the accused persons must be awaited before any course of action could be decided on. The trial, which finally opened on the 7th May in Budapest, took place 'in the feudal atmosphere of secret societies, the swearing in of conspirators and feuds between noble houses'.[6] It provided many dramatic moments and gave certain irredentists [7] fresh opportunity for declaring their faith. A great deal of conflicting evidence was produced, but the main interest again centred on the question of the complicity of members of the Government. Fresh accusations were launched against Count Bethlen, but these were not well substantiated; and if the evidence did not dissipate the suspicion that the authorities had turned a

sensitive as to the representation of an occupying Power at legal proceedings (see *The Times*, 28th January).

[1] *Ibid.*, 6th January, 1926.

[2] *Ibid.*, 7th January, 1926.

[3] *Le Temps*, 3rd March, 1926.

[4] See *The Times*, 2nd February, 1926.

[5] *Ibid.*, 4th March, 1926.

[6] *Ibid.*, 22nd May, 1926. See also *The Manchester Guardian*, 29th May, 1926.

[7] For example, Bishop Zadravecz (*Le Temps*, 17th May; *The Times*, 22nd May, 1926), and Monsieur Szortsey, the Vice-President of the Hungarian Society (*The Times*, 27th May, 1926). The former was not put on trial; the latter was tried but acquitted.

blind eye to what had been going on, neither did it prove the complicity of the Government in the actual plot. Judgement was pronounced on the 26th May; Prince Ludwig Windischgraetz and Monsieur Nadosy were both sentenced to four years' penal servitude and a fine of 10,000,000 crowns each, and the other conspirators received lighter sentences ranging from two years' to a few months' imprisonment with fines of varying amounts.[1] The Bank of France, which was represented by a Hungarian advocate, demanded and received one franc in damages, as a symbol of its right to material reparation.[2] In giving sentence, the Judge declared that the forgers had been actuated by purely patriotic motives and that they had no idea of gain. On the contrary, they had spent large sums of money on their plans, and he expressed the opinion that their 'unselfishness and spotless past' must be recognized as extenuation of the crime. He also stated that no ground had been established for attaching the least suspicion to the Government as a whole or to Count Bethlen in person.[3] All the accused gave notice of appeal, and their cases came up before the Court of Appeal in August,[4] and before the Royal Curia, the ultimate court of appeal in Hungary, in October.[5] Both courts, though they granted slight reductions in some of the sentences, upheld in general the judgement of the primary court, and both exonerated the Government from the charge of complicity.

The results of the trial were received with indignation in Czechoslovakia. The semi-official *Prager Presse* declared that the whole proceedings had been intentionally inadequate, that the principal culprits had escaped scot free, and that Count Bethlen's attitude showed that he had only repudiated the crime because it had not succeeded.[6] It was reported that the Czechoslovak Government wished to bring the whole affair before the Council of the League of Nations.[7] Dissatisfaction was also felt in France: *Le Temps*[8] held that the trial had been as scandalous as the crime itself and the judgement a denial of justice. This journal recapitulated the old arguments regarding the intrigues of Hungarian and German extremists who aimed at the destruction of the European situation created by the Peace Treaties, and pointed out that, in the circumstances, it was doubtful whether the League of Nations ought to withdraw its control over the country's finances on the 30th June,

[1] *Ibid.*, 27th May, 1926.
[2] *Le Temps*, 23rd May, 1926.
[3] *The Times*, 28th May, 1926.
[4] *Le Temps*, 18th and 21st August; *The Times*, 25th August, 1926.
[5] *The Times*, 15th October, 1926.
[6] See *ibid*, 28th May, 1926.
[7] *Le Temps*, 31st May, 1926.
[8] Issue of the 31st May, 1926.

1926, the date contemplated in the Hungarian Reconstruction Protocol.

The Council of the League, on the 10th June, was in fact called upon to consider not only the progress of financial reconstruction in Hungary, but also the question of forged currency, but the latter question was brought to its attention in a general form which laid less stress than might have been expected on the Hungarian scandal. In a letter[1] dated the 5th June and signed by Monsieur Briand, the French Government informed the Secretary-General of the League that their attention had been drawn to ' numerous cases during the past few years in which the national currency of various countries has been forged '.[2] Such crimes not only dealt a blow at the financial strength of the country whose currency was counterfeited, but were also ' capable, as a direct consequence, of disturbing international public order '. Since forged banknotes were usually produced and circulated outside the country of which they were the national currency, preventive measures of an international order were called for. In the first place, co-operation was needed between the police and the courts of the various countries ; secondly, states might be asked to amend their penal laws so that the penalties inflicted on persons guilty of counterfeiting foreign currencies would be comparable with those inflicted for counterfeiting national currency ; thirdly, an international office might be created to keep in touch with currency authorities in the various countries and collect accurate information as to the origin of forged notes and the methods of forgers. The French Government felt that an international understanding was required, similar to the agreements concluded for dealing with other crimes against the common law of nations such as traffic in women and children or obscene publications. Since, in the opinion of the French Government, the League of Nations, ' which has undertaken the development of this movement of international legislation . . . was the body specially qualified to find a solution for this problem ', the Council was asked to consider the appointment of a committee to frame a draft convention for suppressing the crime of counterfeiting currency.

In supporting the French Government's proposals before the Council on the 10th June, Monsieur Paul-Boncour publicly stated

[1] Text in *League of Nations Official Journal*, July 1926.

[2] At the beginning of 1926, in addition to the Hungarian and Jugoslav cases, it was reported that Spanish notes were being forged at Valencia, that false Portuguese notes were circulating in Holland, and that counterfeiters of British £5 notes had been arrested in Germany (*The Times*, 11th January, 1926).

the reasons which had led to the dispatch of the letter of the 5th June, and summarized the official view taken of the Hungarian forgeries in France and Czechoslovakia.

> The country [he said] whose international duty was, it would appear, the more clearly defined from the fact of its benefiting at that moment from the material and moral assistance of the League of Nations had witnessed within its own boundaries very serious cases of the manufacture of counterfeit currency . . . affecting two countries in particular —Czechoslovakia and France. . . . In this particular case, the standing of the criminals, the relationships and the friendships that they were alleged to have with important personages, had deeply stirred public opinion, which had seen in these facts not merely an individual criminal act, but a tendency to extend to political spheres—under a pretext of patriotism which could not be admitted—acts which limit themselves to penal suppression pure and simple. . . . The facts which had recently been disclosed . . . had led the public opinion of many countries to think that [penal] suppression at the present time was not sufficiently effective. . . . The least that could be said, it seemed—while retaining an open mind—was that, as a result of the manner in which this particular trial had been conducted and the penalties which had resulted from it, public opinion . . . had not been sufficiently reassured by the sentences given.[1]

The French Government's proposals for internationalizing the methods of suppressing the counterfeiting of currency were supported by Monsieur Beneš and by Sir Austen Chamberlain, and the Council decided to refer them in the first place to the League's Financial Committee, and subsequently to a committee of jurists which would consider the legal aspects of the matter and draft a convention, in consultation with the Financial Committee. This decision was taken on the morning of the 10th June ; on the afternoon of the same day the Council agreed to withdraw, at the end of the month, the Commissioner-General and the Bank Adviser who had been stationed in Budapest to supervise the financial reconstruction of Hungary, and to retain only the same measure of control as had been found necessary in the case of Austria after financial stability was assured [2]—namely, supervision over the assigned revenues and over the expenditure of the balance of the Reconstruction Loan until such time as the loan was amortized.[3] In other words, if there had been any idea that sanctions against Hungary on account of the franc forgeries might take the form of a continu-

[1] Minutes of the Fortieth Session of the League of Nations Council (*Official Journal*, July 1926).

[2] In point of fact the League maintained a greater degree of control in Austria than in Hungary, since the Bank Adviser was to remain in Vienna after the departure of the Commissioner-General (see Section (iv) below).

[3] See Section (v) below.

ance of control by the League of Nations over the country's finances, the idea was abandoned.[1]

The question of counterfeit currency was considered by the Financial Committee early in December 1926. In July a questionnaire had been circulated to banks of issue in forty-three countries, and the twenty replies hitherto received had nearly all been in favour of the conclusion of an international convention. The Financial Committee therefore drew up provisional proposals to serve as a basis for a convention. The actual work of drafting the convention was entrusted by the Council, on the 9th December, to a Mixed Committee consisting of specialists in international law and of representatives of authorities responsible for prosecution, of banks of issue and of the Financial Committee. The Mixed Committee met in June 1927 and again in October, and on the 13th October it submitted its report[2] to the Council, together with a draft convention.

The convention aimed at securing the unification of municipal law, ' in order to ensure that criminals shall nowhere escape punishment ', and closer co-operation between police authorities, ' in order to ensure that detective measures shall be both swift and well co-ordinated '. It contained definitions of the offences to be punished, and provisions regarding extradition, &c. ; and it contemplated the creation of a national central office in each country in which all police information bearing on the counterfeiting of currency should be concentrated. The committee had discussed the creation of a Central International Office, such as had been suggested by the French Government, but, while recognizing the desirability in principle of an international organization of this kind, it did not think that the time had yet come for its establishment. In addition to the draft convention the committee submitted to the Council a series of recommendations, some of which dealt with questions of organization and others with certain points of international law.

On the 6th December, 1927, the Council decided to forward the Mixed Committee's report and the draft convention to all states for their opinion, with a view to the convening, in a year's time, of an international conference for the final adoption of a convention.

[1] The Hungarian Committee of the Council, which met early in June to consider the position with regard to the withdrawal of the Commissioner-General, thought it advisable to ask the Financial Committee if it considered that ' on the basis of the technical stipulations of Protocol II alone, the Council would be justified in exercising the powers conferred upon it by paragraph 10 of Article 6 of this Protocol ', regarding the termination of the Commissioner-General's functions. On the 9th June the Financial Committee answered this question in the affirmative.

[2] Text in *League of Nations Official Journal,* February 1928.

(iv) The Financial Reconstruction of Austria (1924-6).[1]

The initiation of the League of Nations' scheme for the financial reconstruction of Austria has been described in a previous volume.[2] As is there recorded, the three protocols in which the scheme was embodied were signed at Geneva on the 4th October, 1922; the detailed application of the scheme and the programme of reforms to be carried through were worked out by the Austrian Government, in collaboration with a delegation from the Financial Committee of the League, during the next two months; and a Reconstruction Law was voted by the Austrian Parliament on the 3rd December. On the 2nd January, 1923, the new Bank of Issue was opened, and during the following summer a long term loan was floated, with unexpected success.

The experience of the first year of the working of the reconstruction scheme on the whole confirmed the hopes of its originators.

'The scheme had not only proved workable, but had in practice shown results which surpassed the expectations formed of it. The loan required for its execution had been obtained and the securities had far exceeded in value the original estimates on which it was issued. A beginning had been made with reforms, and the most serious problem—the reorganization of the railways—had been carefully studied. There were some symptoms of improvement in the economic life of the country. The most serious questions which remained open were whether the administrative reforms and in particular the dismissal of officials would be affected as thoroughly as had been planned, whether the unexpected increase in the taxable capacity of the country would be maintained, and whether the economic disabilities inherent in the situation of the new Austria would not prove so great as to compromise the results obtained in the sphere of public finance.'[3]

By the end of 1923 it was apparent that the efforts to reconstruct Austria's finances, by reason of their very success, contained the elements of danger. The deficit for the year, which had been estimated in the autumn of 1922 at 1,140 milliard paper crowns,[4] was actually only 420 milliards, and since the Commissioner-General of the League of Nations had released monthly approximately the

[1] See *The Financial Reconstruction of Austria: General Survey and Principal Documents* (published by the League of Nations, Geneva, 1926).

[2] *Survey for 1920–3*, Part III, Section (iii) (5).

[3] *The Financial Reconstruction of Austria*, p. 51.

[4] 14,400 Austrian (paper) crowns = 1 gold crown; 10,000 Austrian crowns = 1 schilling.

sum required to cover the anticipated, and not the actual, deficit, the difference between the two sums was at the disposal of the Austrian Government. The League of Nations delegation, in their plan for balancing the budget, had calculated that the deficit would be met by economies and by increased taxation in the proportion of about 70 per cent. and 30 per cent. respectively; but during the year 1923 expenditure had been reduced by only about 4 per cent., and the favourable position of the budget was due almost entirely to the unexpectedly high yield of taxation. One of the immediate results of the launching of the reconstruction scheme had been to give impetus to trade; but by the end of 1923 the effects of the stimulus were dying away, and if, as was to be feared, an economic crisis followed the boom, the yield from taxation might be expected to decrease, and the situation might become serious unless the programme of reforms and economies could be accelerated. In such matters as the dismissal of officials, however, where the first steps had been comparatively easy, to carry the programme to completion entailed drastic administrative changes, and the apparently satisfactory financial position made the need for these less evident and correspondingly more difficult for the Government to carry through.

The most important measures which had to be taken were the reduction in the number of Government employees, the reform of the system of official salaries, and the settlement of financial relations between the Central Government and the Provinces. Official salaries during the period of currency depreciation had varied with the cost of living, and they were still low in comparison with the pre-War standard; but the League of Nations Commissioner-General insisted that any additional sums needed for salary increases must be met from economies effected through administrative reorganization, and, owing to the high pension rates, the mere dismissal of officials did not reduce expenditure to any great extent. The Government were unable to reach an agreement with their officials on the question of salaries; a strike of customs and postal officials took place in December 1923; and renewed demands and negotiations during the following year did not bring about a satisfactory settlement. With regard to the financial relations between the Central Government and the Provinces and Communes, the programme drawn up by the League delegation in 1922 had specified a progressive reduction of the subsidies granted by the Central Government, and in December 1923 the Government introduced a law placing the finances of the Provinces and Communes on a stable basis and providing for reduced subsidies. Prolonged negotiations followed, during which certain of

the Provinces refused to agree to what the Commissioner-General considered the legitimate demands of the Central Government.

In February 1924 the Commissioner-General pointed out to the Austrian Government the dangers of the situation and the need for drastic economies. A few weeks later his warnings were justified by a serious financial crisis. During 1923 there had been an enormous speculative rise on the Stock Exchange, but the first signs of weakness began to appear at the end of September 1923; by January 1924 the boom had definitely ended, and in April a panic developed following unsuccessful speculations on the expected collapse of the French franc. Within a month the value of Austrian stocks fell by 27 per cent.; foreign credits were withdrawn, and money had to be advanced out of the Reconstruction Loan to the National Bank to finance private credit syndicates and support the market. This financial crisis finally put an end to the economic activity which had been a feature of the first year's working of the scheme, and when signs of a trade depression appeared the Austrian Government began to consider whether the revenue from taxation could not, in view of the experience of the past year, be relied on to secure a balance of the budget, and a portion of the Reconstruction Loan released for other purposes than to meet budget deficits. On the 10th March, 1924, the Government formally applied for the release of part of the loan for productive investment in aid of the economic situation, urging that it was not, and would not be, needed for its original purpose. The balance of the loan by the middle of 1924 amounted to approximately 34.6 per cent. of the total, and since the actual deficit for the half year was only about a third of the estimated amount, and could easily be met by the Government from the accumulated releases of the previous year, it looked as if the budget were practically balanced.

On the 14th June a report [1] on the Austrian Government's application of the 10th March was submitted to the League of Nations Council by the Financial Committee and the Commissioner-General for Austrian Reconstruction. The Austrian Government had agreed with the League delegation in 1922 that the budget should be balanced at 350,000,000 gold crowns, but this was not intended to be an immutable decision. The Financial Committee now concluded that this figure might be raised, but they expressed doubt whether the definitive figure (which they did not think could be fixed at present) could be high enough to support the existing scale of expenditure—the more so since increases in this scale were under consideration.

[1] Text in *The Financial Reconstruction of Austria*, p. 213.

They therefore strongly urged the need for progress in administrative reform if budget equilibrium was to be maintained. With regard to the request for advances from the loan, they thought that the use of any surplus funds in the best interests of Austria might well be considered, but not until the Council could declare themselves completely satisfied that the balance of the loan would not be needed for its original purpose.

Further investigation was considered desirable, and a delegation from the Financial Committee accordingly visited Austria in August and September 1924, and inquired into the whole financial and monetary position of the country. The delegation's conclusions were presented to the Council on the 15th September, 1924, in the form of a report [1] from the Financial Committee, to which was attached an agreement with the Austrian Government. The Financial Committee reported that the effect of the financial crisis in the spring had been to accentuate the need of both agriculture and industry for long term foreign credits, but the return of the credits which had been withdrawn during the crisis was hindered by the methods of collecting revenue and the burden of taxation. Certain specific measures were recommended, such as the adoption of a fresh monetary unit, the fixing of national currency on a gold or gold-exchange basis, and the creation of a small Executive Committee within the National Bank to deal with emergencies. It was suggested that the accepted budget level should in future be raised from 350,000,000 to 545,000,000 gold crowns, and that in order to keep within these limits the Government should carry out further administrative reforms. In the agreement attached to the report the Austrian Government undertook to take the measures recommended by the Financial Delegation and to carry out the reforms specified in an annexed schedule. In view of the progress already made the Financial Committee concurred in the proposal of the Commissioner-General that a modified form of control—which would in effect be confined to verifying that the general limits of the budget were observed—might be introduced as soon as the new figures had been accepted by Parliament and provision had been made for carrying out the reforms indicated in the agreement. With regard to the eventual termination of control, the agreement contained the following clause :

> If the budget results for 1925 . . . remain within the limits agreed upon with the Financial Committee ; if in all other respects the measures approved by the Financial Committee and accepted by the

[1] Text in *op. cit.*, p. 218.

Government, as specified in the two Annexes herewith, have been duly applied ; if the budget adopted for 1926 is based on the same total figures ; and if the general economic situation inspires sufficient confidence ; the Financial Committee would be able to recommend the Council to declare that financial stability had been established in conformity with the Protocols.

On the 16th September the Council adopted the Financial Committee's report and approved the agreement with the Austrian Government and the conditions on which control might be first modified and eventually terminated. Thus, although the Council was not able on this occasion to decide that control could be brought to an end at the earliest date contemplated in the Protocols (the 31st December, 1924), the conditions which had to be fulfilled were clearly defined, and the end might be said to have come into sight.

So far as the financial reconstruction of Austria was concerned, the history of the year 1925 was one of gradual fulfilment of the conditions laid down in September 1924. By the 31st July, 1925, nearly 78,000 officials had been dismissed [1] and several important reforms had been voted by Parliament which, on the 30th July, passed laws effecting extensive reforms in the financial, constitutional and administrative relations between the Confederation and the autonomous provinces and communes.[2] On the 11th August the modified form of control provided for in the agreement of the previous September came into effect.

That agreement, as has been seen, had indicated that control might be withdrawn when certain conditions had been fulfilled and 'if the general economic situation inspires sufficient confidence'. The fears which had been felt on this point were largely allayed by the report of the two economic experts who were appointed in June 1925, in accordance with a request from the Austrian Government, to examine the economic position of the country ; [3] and in a report [4] submitted to the Council on the 9th September, 1925, the Financial Committee were able to recommend that 'the control of the Commissioner-General as from the 1st January, 1926, should be limited to a control over the assigned revenues and over the expenditure of the remainder of the Reconstruction Loan' ; that the Commissioner-General should not be obliged to reside permanently in Vienna after

[1] Excluding over 10,000 from the Südbahn. The original programme drawn up in 1922 had called for the dismissal of 100,000 officials by July 1924.

[2] For details of the reforms see the special memorandum prepared by the Austrian Federal Ministry of Finance on 'Administrative Reform during the Period of Reconstruction' printed in *The Financial Reconstruction of Austria* (p. 113).

[3] See below, p. 199.

[4] Text in *The Financial Reconstruction of Austria*, p. 245.

the 1st January, 1926; and that 'after the passing of the 1926 budget within the limits of the present estimates and the submission of the closed accounts for 1925 . . . the control exercised by the Commissioner-General under the Geneva Protocol should be terminated'. On the 10th September, 1925, the Council adopted these recommendations. The withdrawal of control, however, was to be conditional on the retention of an adviser to the National Bank for a further period of three years, and the right of the Council to re-establish control in the event of the assigned revenues proving insufficient to assure the service of the loan or the equilibrium of the budget being seriously endangered.

These conditions were intended to create confidence in Austria's financial stability and thus encourage the long-term credits which the country needed, and they were accepted by the Bank and by the Government. A law providing for the retention of a Bank Adviser was ratified on the 3rd December, 1925. The proposal regarding the possible re-establishment of control was approved by the National Council on the 4th October, and a formal declaration to that effect was made to the Council on the 9th December.

The final step was taken by the Council on the 9th June, 1926, after the closed accounts for 1925 had been examined by the Financial Committee. On that date the Council, 'having ascertained that the financial stability of Austria is assured', decided, 'in pursuance of the last paragraph of Article 4 of Protocol III [of the 4th October, 1922], that the functions of the Commissioner-General shall be brought to an end on the 30th June, 1926'. On the recommendation of the Financial Committee the Council appointed one of the members of the Committee, Monsieur Dubois, to control the Reconstruction Loan Account (from which money would be released in accordance with programmes approved by the Financial Committee)[1] after the departure of the Commissioner-General, and decided that the control of the assigned revenues should be carried out by the Trustees who had been appointed by the Council of the League under the terms of the General Bond for the Reconstruction Loan which had been signed at Geneva on the 31st May, 1923.[2] It was arranged that

[1] On the 30th June, 1926, the balance of the loan amounted to nearly 24 per cent. of the total yield. Only 13 per cent. of the total had been used for the primary purpose of the loan, that is, to cover budget deficits. Releases for productive purposes had already been sanctioned by the Council: on the 9th June, 1925, a maximum of 88,000,000 gold crown for electrification work on the Federal Railways; on the 11th March, 1926, 6,000,000 schillings for a dairy scheme; and on the 9th June, 1926, 27,000,000 schillings for construction of telephone cables.

[2] Text in *The Financial Reconstruction of Austria*, p. 154.

Monsieur Rost van Tonningen, a former member of the Commissioner-General's staff, should reside in Vienna as agent both for Monsieur Dubois and for the Trustees.

On the 30th June, 1926, therefore, the first of the schemes for financial reconstruction planned and carried through under the auspices of the League of Nations was brought to a successful conclusion, and from that date Austria was free from the control which she had voluntarily accepted in 1922. She had accepted it then in the certainty that it would entail 'harder conditions than those at present prevailing, knowing that in this way only can she avoid an even worse fate', that of 'collapsing into a chaos of destitution and starvation to which there is no modern analogy outside Russia'.[1] In the space of less than four years her decision to face this ordeal had brought its due reward.

The direct task undertaken by the League of Nations was to bring about the financial, not the economic, reconstruction of Austria. 'The object of the League scheme was to provide a sound basis on which Austria herself would build up the best economic structure possible in the circumstances.' In point of fact, however, 'the inevitable and necessary economic adjustments were . . . both retarded and disguised by the boom resulting from the burst of confidence with which the scheme was launched and the sudden inflow of foreign money both from the loan and [from] the recall of money previously sent abroad'.[2] During the whole of 1924 and the early part of 1925 Austria felt acutely the effects of the trade depression which followed the boom of 1923. The number of unemployed (after a seasonal decrease in the spring and early summer of 1924) rose from 74,000 in September to 154,000 at the end of the year and to 189,000 in March 1925. The number of bankruptcies among commercial firms also increased to a serious extent: there were 448 in 1924 and 699 in the first four months of 1925. 'The position of the trade balance was equally alarming. In the first half year of 1923 the trade deficit had only amounted to 287 million gold crowns: in the following half years it had reached 510, 521, and 493 million gold crowns respectively—a level which many believed to be too high for so poor a country.'[3]

While one of the causes of the economic difficulties experienced

[1] Report of the Financial Committee, September 1922 (*The Financial Reconstruction of Austria*, p. 187). For comments on the main features of the scheme and tentative conclusions suggested by the experience of its working, see *op. cit.*, pp. 74 *seqq.*

[2] *Op. cit.*, pp. 79–80.

[3] *Op. cit.*, p. 64.

by Austria was the heavy burden imposed by taxation on trade and industry, the principal reason for the trade depression was generally believed to be the high tariff walls erected by the neighbouring 'successor states' of the Hapsburg Empire in the interests of their own infant industries, since these prevented Austrian goods from reaching their pre-war markets. The economic distress of the country naturally had its political aspect, and the question of the 'viability' of Austria was much discussed in the foreign press. The Little Entente countries and France feared that she might be driven in despair, as the only hope for her future, to take steps to bring about her *Anschluss* to Germany.[1] By the beginning of 1925, indeed, the question of the *Anschluss* had once more begun to attract considerable attention, and in January two Austrian politicians of note, Herren Frank and Dinghofer, visited Berlin and advocated the cause of Austro-German union in interviews with several German leaders. This visit, and the manifestations in favour of the union which followed during the next few months, led the Foreign Ministers of the Little Entente to discuss Austrian affairs at one of their periodical meetings in May 1925 and to make a pronouncement against the *Anschluss*.[2] Monsieur Beneš and his colleagues realized, however, that a purely negative attitude towards Austria would be of little avail, and from time to time various plans were discussed in the hope of solving Austria's problem by giving her opportunities for economic expansion on something like pre-war lines. In the autumn of 1924 there was talk of a Danubian Confederation in which Austria might find a place,[3] and a scheme of this kind was believed to be regarded not unfavourably in France ;[4] but at the close of the Little Entente meeting in May 1925, Monsieur Beneš (who had been credited with the authorship of the plan)[5] declared that the idea of a confederation of Danubian states would never be realized, for the reason that none of them desired it.[6] During the spring and summer of 1925 negotiations were in progress with a view to the establishment of a system of preferential tariffs between the successor states. Czechoslovakia was at first inclined to favour these proposals, but Italy demanded a share in any arrangement that might be made ; and though at one

[1] For the question of the *Anschluss* during the years immediately following the War, see *H. P. C.*, vol. i, p. 347, and *Survey for 1920–3*, Part III, Section (iii) (5).

[2] See *Survey for 1925*, vol. ii, p. 252.

[3] See the *Deutsche Allgemeine Zeitung*, 28th September and 2nd October, 1924 ; *Le Temps*, 30th September ; the *Corriere della Sera*, 1st October.

[4] *The Times*, 8th June, 1925.

[5] The *Deutsche Allgemeine Zeitung*, 28th September, 1926.

[6] *The Times*, 13th May, 1925.

time hopes were entertained that a comprehensive system including Italy might be feasible,[1] negotiations between Austria and Italy [2] led to no result. Italy demanded a direct preference system with Czechoslovakia if the latter reached agreement with Austria, and this made Czechoslovakia less favourable to the original proposal, which was finally dropped when Great Britain and France, in the fear that their own trade might suffer, also raised difficulties.[3]

In the meantime the Austrian Government, in the hope that the influence of the League of Nations might facilitate the conclusion of tariff agreements with neighbouring countries, had asked the Council of the League, on the 18th April, 1925, to arrange an inquiry into the economic situation of the country. On the 9th June the Council requested two economic experts, Mr. W. T. Layton and Professor Charles Rist, to ascertain the influence which the economic condition of Austria might have on the work of financial reconstruction. The two experts arrived in Vienna on the 30th June and presented their report [4] to the Council on the 4th September, 1925.

'The two experts took, on the whole, an encouraging view of the situation. They held definitely that there was nothing in the economic position which need cause the Council to hesitate in declaring financial stability assured as soon as the present financial criteria were satisfied. Stabilization had given a solid foundation for Austrian development. In doing so it had necessarily disclosed the weakness of certain Austrian industries, which needed to adjust themselves to the new conditions by a reduction of staff. The recent increase in unemployment reflected this overdue adjustment and not a decline of trade, which on the contrary was now increasing. There was no reason why Austria should not achieve a satisfactory economic position. But for this it was essential that her credit should be maintained, and also that tariff policies should permit an extension of her foreign trade.' [5]

When the Layton–Rist report was examined by the Economic Committee of the League at the end of November 1925 the chief question considered was the possibility of securing a modification of the tariff policies of the successor states. In view of the difficulties encountered in the attempt to establish a system of preferential tariffs, no concrete proposals to this effect were made, and the

[1] *Ibid.*, 27th July, 1925.
[2] See *ibid.*, 31st August, 1925.
[3] *Ibid.*, 9th February, 1926.
[4] Text in League of Nations Document C. 440. M. 162, 1925, II. Summary in *The Financial Reconstruction of Austria*, p. 241.
[5] *Op. cit.*, pp. 65–6.

committee confined itself to submitting the following recommendations, which were approved by the Council on the 9th December, 1925:

(1) The improvement of Austria's agricultural output would seem to be the most essential remedy for the shortage in her food supply and should be promoted by a suitable system of long-term credits.

(2) In order to extend those further markets which Austria requires, notably in her relations with the states which were formed out of her or have received part of the former Austro-Hungarian territories, Austria and the States in question should be invited to conclude among themselves commercial agreements of the closest possible character which would by suitable means satisfy the needs of each state without affecting any obligations which it may have assumed towards other states.

(3) As regards other states the Committee is of opinion that they should be invited to seek means—either when their commercial conventions with Austria come to be renewed or by readjusting those conventions before that date, or by other methods—of completing the economic reconstruction of Austria by extending the outlets for Austrian production and trade.

(4) The Committee is further of opinion that the attention of those of the Central European States which have not yet ratified the Convention of 1923 on Customs Formalities [1] be drawn to the urgent necessity of expediting ratification in view especially of the prejudice caused to their commercial relations with Austria by a continuance of the present state of instability.

Hopes had been cherished in Austria that the inquiry by the League's experts might lead the Council to decide on concrete measures of economic relief, but, with the adoption of the Economic Committee's recommendations by the Council, any idea of active intervention by the League had finally to be abandoned. One consequence of this was that the movement in favour of the *Anschluss* to Germany received a new impetus. The real significance of this movement in the years 1925 and 1926 was very differently estimated by different observers, but there was no doubt that the question was once more being freely discussed. While some important industrialists in Austria were still opposed to the idea,[2] while industry as a whole seemed to be organizing itself on lines which assumed the country's continued independence,[3] and while the great mass of the people possibly remained indifferent, a politically influential minority was conducting unceasing propaganda in favour of the *Anschluss*, and the propaganda brought in converts in increasing numbers as other possible solutions for Austria's economic difficulties were tried and found wanting. After the failure of the plans for

[1] See *Survey for 1925*, vol. ii, pp. 97–8.
[2] See *The Times*, 9th February, 1926.
[3] *The Times, loc. cit.*, and 26th June, 1926.

preferential tariffs and of the hopes of intervention by the League of Nations, it was asserted in some quarters that the *Anschluss* constituted the only foreign policy of Austrian statesmen ; [1] but at the same time it was generally recognized that no responsible politician had any idea of resorting to violent measures. No party in Austria was likely to contemplate defying such powerful countries as France, Italy, and the Little Entente states by openly proclaiming a political union with Germany. The indications were rather that the administrative machinery of Austria would be modelled on that of Germany, and unobtrusive measures would be taken to bring the two countries economically, socially, and culturally together, so that political union could be effected without difficulty if the time should ever come when opposition to it was withdrawn.[2] In Germany public opinion on the whole appeared to be in favour of the union ; but the question was of course of less vital moment to Germany than to Austria, and the union, if achieved, might well prove a doubtful asset to the stronger of the partners. The note of pity for Austria which was sometimes sounded in the German press, as well as the occasional indications of ulterior motives on the part of the *Reich*, was apt to be resented in Austria ; [3] and possibly the support for the movement might have grown less warm in both countries had the issue shown signs of becoming a practical one.[4]

No doubt the foreign press tended to exaggerate the importance of the speeches and demonstrations made in both countries in favour of union and to interpret, without due cause, every journey of a prominent Austrian to Germany or of a prominent German to Austria as a further link in the chain which was to bind the two countries together in defiance of the Peace Treaties. In France some fear was expressed lest Germany, once she had entered the League of Nations, might use the seat on the Council which she was determined to possess [5] in order to raise the question of the *Anschluss*.[6]

[1] See an account of the movement by an Austrian printed in *Le Temps*, 6th February, 1926.

[2] See *The Times*, 17th March, 1926.

[3] See a statement by Mgr. Seipel to the Berlin correspondent of the *Neue Freie Presse*, cited in *The Times*, 6th February, 1926.

[4] A special correspondent of *The Times* in April 1926 (issue of the 22nd April) judged that the *Anschluss* was in no sense a live issue in Bavaria and that, though the administrative services of the two countries could have been assimilated without difficulty, no practical steps in that direction had been taken and none were likely to be taken while the partner which would necessarily preponderate remained indifferent.

[5] See Part I A, Section (i) above.

[6] See *Le Temps*, 24th January, 1926. Article 88 of the Treaty of St. Germain stipulated that 'the independence of Austria is inalienable otherwise than with the consent of the Council of the League of Nations'.

Accordingly, interest in journeys between Vienna and Berlin was especially keen in France at the beginning of 1926,[1] when the admission of Germany to the League was believed to be imminent ; and the successive visits to Germany of Herr Dinghofer in January, Mgr. Seipel in February, and Herr Ramek (Mgr. Seipel's successor as Federal Chancellor) in March, gave rise to much comment. Mgr. Seipel made a public reference to the *Anschluss* ;[2] but Herr Ramek forestalled criticism by announcing in advance that the object of his visit was primarily to return that paid by Herren Stresemann and Luther to Vienna in 1924, and secondarily to discuss economic relations ;[3] and during his stay in Berlin he observed the greatest discretion in his public utterances.

Though the *Anschluss* continued throughout 1926 to form the subject of speeches and demonstrations in both countries, little practical advance towards the desired goal appeared to have been made by the end of the year. For instance, the economic negotiations inaugurated by Herr Ramek in March resulted in the signature, on the 21st May, not of an agreement for economic union, but of a convention supplementing the commercial agreement of the 1st September, 1920, which formed the basis of economic relations between the two countries.[4]

The official spokesmen for Austria, even if they inclined to the belief that the *Anschluss* was the only solution for the country's difficulties, seem to have thought it politic to make occasional references in public to the possibilities of an independent economic existence. In a speech before the Council of the League of Nations on the 6th September, 1922, Mgr. Seipel had expressed confidence in the economic possibilities of his country. Provided the financial aid which Austria needed could be supplied, he believed that she would

> become self-supporting sooner than might be supposed. Austrian agriculture only needs to be intensified. Austria possesses a long established industry which the War and its consequences have deprived, till now, of the necessary funds ; she possesses the latent wealth of her

[1] The *Anschluss* also formed a subject of discussion between Signor Mussolini and Monsieur Ninčić when the Jugoslav Foreign Minister visited Rome at the end of February 1926 (see above, p. 162).

[2] *Le Temps*, 6th February, 1926.

[3] *Ibid.*, 28th March, 1926.

[4] The *Frankfurter Zeitung*, 23rd May and 15th June, 1926. Ratifications of the agreement of the 21st May were exchanged on the 10th July, and it came into force on the 24th July, 1926 (the *Frankfurter Zeitung*, 11th July, 1926). The Pan-German press hailed as an approach towards the *Anschluss* the conclusion of a convention in December by which the Lutheran communities in Austria were united with those of Germany (*Le Temps*, 11th December, 1926).

hydraulic forces, which it has not been possible sufficiently to exploit ; but her greatest wealth is her excellent geographical situation, and, above all, her gifted and industrious population.[1]

During the next three years, in spite of adverse circumstances, her resources were being steadily developed, and at the end of March 1926 Herr Ramek told representatives of the Berlin press that the economic situation of the country was less unfavourable than was generally imagined. Industrial apparatus had been modernized to a large extent ; there had been an unexpected advance in agriculture during the last two years, and though half the wheat consumed had still to be imported, there was a surplus in the home production of oats, rye and potatoes. A scheme was on foot for establishing dairies (with the assistance of sums advanced from the balance of the reconstruction loan),[2] and it was hoped that this scheme would reduce imports of milk and cheese and help still further to improve the trade balance. The use of water-power for electricity had greatly increased, and the importation of one and a half million tons of coal had thereby been saved. Above all, commercial treaties had been concluded which broke down the prohibition against Austrian goods.[3]

During the greater part of 1925 economic negotiations had been in progress between the successor states, and though these did not result in the establishment of a comprehensive customs system, bilateral treaties were arranged which placed Austria in a more favourable position than she had occupied hitherto. A treaty with Jugoslavia was signed on the 3rd September, 1925 ; and one with Hungary on the 9th April, 1926. A commercial treaty (supplementing that of the 4th May, 1921) had been concluded with Czechoslovakia on the 27th November, 1924,[4] and minor alterations in the tariff were made by an additional agreement on the 27th July, 1925 ;[5] but Austria was not satisfied with the position under these treaties—

[1] *Le Temps*, 11th December, 1926.

[2] See foot-note on p. 196 above.

[3] *The Times*, 30th March, 1926. This encouraging picture was to some extent confirmed by foreign observers (see, for instance, a letter in *The Times* of the 26th June, 1926). By the summer of 1926 attempts were being made to develop the country's 'invisible exports' by an organized campaign to attract foreign visitors (*The Times*, 26th June, 1926)—a source of income which Austria, like Switzerland, was in a position to exploit with considerable profit. The Vienna correspondent of *The Times* also pointed out, in the issue of the 1st February, 1927, that the returns derived by Austrian banks and by private persons residing in Austria from estates and investments in Hungary and Czechoslovakia represented an important income from abroad. The total investments amounted, it was estimated, to as much as £600,000,000 or £700,000,000.

[4] Text in *League of Nations Treaty Series*, vol. xlii.

[5] *The Times*, 30th July, 1925.

the value of Czechoslovak imports into Austria greatly exceeding that of Austrian exports to Czechoslovakia—and notice of denunciation of the existing tariff arrangements was given by Austria on the 30th November, 1926.[1] A new agreement with Italy was signed on the 21st January, 1925. In addition to these agreements with immediate neighbours, commercial treaties were also concluded by Austria during 1925 with Greece (18th April),[2] and with China (19th October) ; [3] and on the 1st January, 1926, an agreement with Switzerland was signed.[4]

In 1924 the adverse trade balance had amounted to £44,571,000. In 1925 the figure fell to £28,100,000, but it rose again in 1926 to about £32,000,000.[5] The deficit for 1926, therefore, while it compared favourably with that for 1924, was still a large one, and indicated that the Austrian Government, in negotiating their new commercial agreements, had been only partially successful in securing the reduction of tariffs.

At the end of 1926 it was still doubtful whether Austria would be able to develop on independent lines, or whether the only hope for her future lay in incorporation in a larger economic unit.

(v) The Financial Reconstruction of Hungary (1925–6).[6]

The reconstruction of the finances of Hungary under the auspices of the League of Nations was attended by fewer technical difficulties than were encountered in Austria, and whereas the process of assuring financial stability took nearly four years in Austria, in Hungary the result was achieved in little more than two years. When once a solution had been found for the problems of a political nature which have been described in a previous volume [7] and the Hungarian Reconstruction Scheme had been put into force by the signature of two protocols on the 14th March, 1924, the record was one of rapid and unvarying progress.[8]

The Hungarian crown was stabilized at 346,000 to the pound in July 1924[9] and was maintained at that rate, appreciating with the

[1] *The Times*, 2nd December, 1926. [2] *Ibid.*, 21st April, 1925.
[3] *Survey for 1925*, vol. ii, pp. 330–2.
[4] The *Frankfurter Zeitung*, 27th January, 1926.
[5] *The Times*, 1st and 28th February, 1927.
[6] See *The Financial Reconstruction of Hungary : General Survey and Principal Documents* (published by the League of Nations, Geneva, 1926).
[7] *Survey for 1924*, Part II B, Section (iv).
[8] See *op. cit.*, *loc. cit.*, for an account of the scheme and of its application during 1924.
[9] The exchange, which had continued to fluctuate violently after the arrival of the Commissioner-General on the 1st May, 1924, was stabilized at 346,000,

pound in relation to gold, until, with the return of the pound sterling to gold in April 1925, the crown also came on to a gold basis. On the 6th November, 1925, the National Assembly passed a Bill introducing, as from the 1st January, 1927, a new currency on a gold basis—the pengö [1]—which was to become the sole legal tender in July 1927.

Contrary to all expectations the budget was balanced within a few months of the inauguration of the reconstruction scheme. For the financial year ending on the 30th June, 1925, a deficit of 100,000,000 gold crowns had been allowed for, but this was actually converted into a surplus of 90,200,000 gold crowns, and the year 1925–6 also showed a surplus of 60,000,000. The assigned revenues for 1925–6 amounted to nearly eight times the sum required for the service of the loan. The budget level for this year was 470,000,000 gold crowns, compared with the figure of 410,700,000 which had been contemplated in the spring of 1924, but in view of the satisfactory revenue the Financial Committee of the League in December 1925 readily agreed to accept the higher figure.

In Austria the high rate of expenditure and of taxation was a source of anxiety, and the Commissioner-General had constantly to preach the necessity for economy and administrative retrenchment; but in Hungary it had never been contemplated that an actual reduction in expenditure would be either practicable or desirable; and while the administrative reforms recommended by the Financial Committee—reduction of state officials,[2] centralization of funds, &c.—were all duly carried out, any economies that were effected were offset by increased expenditure in other directions. Taxation was heavy for a country with a mainly agricultural population—in 1925–6 it amounted to between 14 and 18 per cent. of the total national income—but the trouble was not so much the total volume of taxation as its distribution, and this made the economic burden

partly because this seemed to be a level at which the necessary economic adjustments could be made with a minimum of discomfort, but also partly because the Hungarian crown at 346,000 to the pound stood in the same relation to the Austrian crown as sterling then stood to the dollar in New York. It was therefore anticipated that when the Hungarian crown recovered a stable gold value as the result of the return of sterling to pre-War parity, the Hungarian crown would automatically become the exact equivalent of the Austrian crown, but this scheme failed to come into effect, owing to the adoption of the schilling in Austria.

[1] The pengö = 12·500 paper crowns or 0.8632 Hungarian gold crowns.

[2] By the end of 1925, 25,000 state officials had been dismissed as compared with a minimum of 15,000 decided on in 1924. The Financial Committee, however, always considered that further reductions were both possible and desirable, and recommended the Hungarian Government to continue their dismissals.

greater than it appeared to be from an examination of the total figures. The burden had, however, been heavy in Hungary before the War, and in this respect Hungary compared not unfavourably with many other countries in post-War Europe (though, in making this comparison, it should be noted that the pre-War taxation in the Hapsburg Monarchy had been relatively very high). In his report for September 1925 the Commissioner-General estimated that state taxation in Hungary amounted to £3 per head of the population and local taxation to another 12*s*., a total of £3 12*s*. compared with a figure of £6 13*s*. per head in Austria. The Commissioner-General deduced from these figures that the level of the budget was as high as was consistent with safety.[1]

Owing to the early balancing of the budget only a small proportion of the Reconstruction Loan was needed for its primary purpose, and the indirect effects of the loan in evoking confidence and stimulating the homeward flight of capital were therefore of relatively greater importance. After the 1st July, 1924, no releases were required to meet budget deficits, and the loan became available partly for clearing off capital burdens and still more for capital investments to increase the productive capacity of the country. On the 9th June, 1925, the Council of the League authorized the use for capital outlay of the budget surplus for 1925 and of 30,000,000 gold crowns from the Reconstruction Loan, and a detailed programme of expenditure was approved in August by the Commissioner-General who, in sanctioning the various items, followed the principles that expenditure should be for permanent rather than for temporary objects, that maintenance work should not be included, and that work should not be initiated on so large a scale that it could not be completed without further appropriation.[2] On the 9th December, 1925, the Council authorized further releases for capital expenditure from the loan, amounting to 20,000,000 gold crowns during the second half of 1926 and 50,000,000 gold crowns during 1926–7, together with the budget surplus. The detailed programme was approved by the Commissioner-General in January 1926.

As in the case of Austria, the task undertaken by the League was to place the finances of Hungary on a stable basis on which the country could build up its own economic life. Hungary, since she was an agricultural country and to a large extent self-sufficient, never presented such serious economic problems as Austria; her life as a nation was never in danger, and it was merely a question of the level of prosperity at which she might expect to live. In their

[1] *The Times*, 26th October, 1925. [2] *Ibid.*, 6th October, 1925.

original report on the reconstruction scheme the Financial Committee of the League had pointed out that Hungary would do well to concentrate on developing and finding markets for those products for which she was naturally adapted,[1] and this advice was repeated at intervals during the next two years ; but it remained true at the end of the period of control that ' the tariff policy of Central Europe and of Hungary itself renders her level of prosperity less than the maximum which her national resources and the capacity of her people should enable her to attain '.[2]

Nevertheless, Hungary's economic position was steadily improving during the years 1925 and 1926. For the first seven months of 1925 the total volume of foreign trade was 11 per cent. higher than it had been during the corresponding period of 1924, and the adverse balance for the period fell from 77,900,000 gold crowns to 62,900,000 gold crowns.[3]

For the first time since the War the month of August 1925 showed a favourable trade balance—an event which had occurred only occasionally under pre-War conditions.[4] During the year 1925 as a whole imports increased by 5 per cent. over 1924 figures and exports by 16 per cent., and the first five months of 1926 again showed a total increase of about 8 per cent. The unemployment figure was 34,015 in June 1925 and 25,556 in June 1926. As in Austria, though to a lesser degree, economic development depended to a large extent on the conclusion of favourable commercial treaties, particularly with the other successor states. During the years 1925 and 1926 some progress was made in this direction, but it proved easier to come to an agreement with states at a distance than with near neighbours. On the 26th March, 1925, a commercial treaty with Poland was signed. In June two treaties were concluded—one with Greece on the 4th [5] and one with Spain on the 17th.[6] On the 20th July a provisional commercial agreement with Italy was signed [7] and in August negotiations were concluded with Turkey by which that country was granted most-favoured-nation treatment. On the 13th October a convention with France was signed, and this came

[1] See *Survey for 1924*, p. 430.
[2] *The Financial Reconstruction of Hungary*, p. 33.
[3] *The Times*, 6th October, 1925.
[4] *Ibid.*, 26th October, 1925, and 9th February, 1926.
[5] Ratifications of the treaties with Poland and Greece were exchanged on the 4th September, 1925. The texts are printed in *League of Nations Treaty Series*, vols. xxxvii and xxxix.
[6] This treaty came into force in April 1926.
[7] Text in *League of Nations Treaty Series*, vol. xlv.

into force on the 21st February, 1926.[1] At the end of February the commercial negotiations with Austria at length reached a successful conclusion, an agreement being signed in April, and a provisional most-favoured-nation agreement with Czechoslovakia, intended as a preliminary to a commercial treaty, was also concluded early in the year. A treaty of commerce and navigation with Great Britain was signed on the 23rd July.[2] During April, also, a long-term agricultural credit was obtained from the United States.

No special economic inquiry was carried out by the League of Nations in Hungary, but the Commissioner-General consulted economic experts,[3] who reported that there was nothing in the economic situation which might prejudice the work of financial reconstruction. The financial position was clearly satisfactory, and gave no reason for the continuance of control by the League of Nations beyond the date specified in the Reconstruction Protocols, that is, the 30th June, 1926 ; but the position during the first six months of 1926 was complicated by the scandal of the franc forgeries in Hungary and its repercussions.[4] The Secretary-General of the League was notified by the Commissioner-General on the 24th April, 1926, that the Hungarian Prime Minister intended to raise the question of the termination of control during the June session of the Council ; and in June the Financial Committee, the Hungarian Committee of the Council and the Council itself, after discussing the question in all its aspects, all agreed that the financial stability of Hungary might be said to be assured in the sense of the Protocol of the 14th March, 1924. On the 10th June the Council accordingly decided that the functions of Mr. Jeremiah Smith as Commissioner-General and of Mr. H. A. Siepmann as Bank Adviser should terminate on the 30th June. The relations of both these officials with the Hungarian Government had throughout been excellent, and they parted on cordial terms. Mr. Smith refused to accept the accumulated salary due to him for his two years' work in Hungary, and the Government decided to use the sum thus placed at their disposal to found two scholarships which would enable two Hungarian technical high-school students to be sent to the United States every year.[5]

On the 1st July, 1926, the balance of the Reconstruction Loan stood at 119,460,000 gold crowns. The expenditure of 50,000,000 gold crowns out of this sum had already been decided upon in

[1] Text in *op. cit.*, vol. xlviii.
[2] Text in British White Paper, *Cmd.* 2933 of 1927.
[3] One of these experts was Professor Allyn Young, of Harvard University.
[4] See Section (iii) above.
[5] *The New York Times*, 30th June, 1926 ; *The Times*, 2nd July, 1926.

December 1925,[1] and the remainder would be released for approved programmes by the Council on the advice of the Financial Committee. M. ter Meulen was appointed to represent the Financial Committee in supervising the expenditure of the loan. The assigned revenues would remain, until the loan was amortized, under the control of the Trustees, and it was arranged that Mr. Royall Tyler should visit Budapest at intervals, as the representative of M. ter Meulen and of the Trustees, until their respective duties were fulfilled. The Reparation authority, the Committee of Control,[2] was also to remain in existence, with the limited function of ascertaining that 'no prejudice is caused to the rights of the Reparation Commission under Article 180 of the Treaty of Trianon'.

(vi) The Bulgarian Refugees' Loan.

The movement of racial concentration in the Balkan Peninsula which began in the first quarter of the nineteenth century with the outbreak of the Serb and Greek Wars of Independence, and was renewed during the Balkan Wars of 1912–13 and the General War of 1914–18, received a new stimulus from the territorial redistribution that followed the General War. During the decade which began with the Balkan Wars, successive waves of migration swept large populations—including not only peasants but village shopkeepers and rural workers in home industries—away from their homes, and left them adrift on the other side of a changing frontier, often to be caught up again on a fresh tide before they had established a foothold. In Greece the problem created by these migrants assumed unprecedented proportions in the autumn of 1922, when many thousands of fugitives poured into the country from Asia Minor as the Greek army gave way before Mustafā Kemāl.[3] In Bulgaria the process was more gradual, and for that reason attracted less attention from the outside world; but, although the problem confronting the Bulgarian Government was on a far smaller scale than that of Greece, the plight of the individual refugees was no less terrible, and the internal and international difficulties of Bulgaria gave to the refugee question in that country an especially serious aspect.

The majority of immigrants who entered Bulgaria between the

[1] See above, p. 206.

[2] See *Survey for 1924*, pp. 429–30. This committee had to meet outside Hungary, and it had in fact no effective work to do.

[3] For the settlement of refugees in Greece, see *Survey for 1925*, vol. ii, Part II E, Section (iii).

years 1919 and 1926 came from Greek Macedonia and Thrace (under the terms of the Graeco-Bulgarian convention for reciprocal emigration of minorities which had been signed at Neuilly on the 27th November, 1919),[1] and a large number of them arrived smarting under a sense of injustice, having left their homes against their will and in response to varying degrees of pressure, although under the terms of the Neuilly Convention emigration should have been voluntary. Some of the immigrants who came from across the Rumanian border, also, had been expropriated, more or less forcibly.[2] According to the Bulgarian figures of 1926,[3] 220,000 refugees of Bulgarian origin had entered the country since 1913, and in addition there were some 20,000 Armenian and 30,000 Russian refugees in Bulgaria in 1926.[4] Successive Bulgarian Governments did what they could to provide for the immigrants, and by 1926 nearly half had been absorbed or established ; [5] but from 1919 onwards the country was suffering severely from the after effects of many years of war, and from the burden of Treaty charges ; and little substantial help could be given to the late-comers, who often found themselves without any means of subsistence, and without even a roof over their heads.[6] The efforts of foreign charitable organizations, ungrudging though they were,[7] could alleviate the misery of comparatively few of the refugees, and it was inevitable that discontent should be rife among them, and that they should provide admirable ground for communist propagandists, whose activities were a constant source

[1] See *op. cit.*, Part II E, Section (vi).

[2] See *The Times*, 29th May, 1926. See also below, p. 214.

[3] *Ibid.*, 26th July and 20th November, 1926.

[4] The Bulgarian authorities seem to have done their best for these unhappy people—a declaration to this effect was made in 1926 on behalf of various Russian refugee organizations in Bulgaria (see *Le Temps*, 3rd August, 1926)—but they did not disguise their desire that other arrangements should be made for them (*The Times*, 26th July, 1926). In July 1926 a somewhat acrimonious exchange of notes took place with the Soviet Government on the subject of Russian refugees whom the Bulgarian authorities allowed to return to Russia without the Soviet Government's consent (see *The Times* 14th July ; *Le Temps*, 29th July and 14th August, 1926).

[5] Statement by Sir Arthur Salter in *The Times*, 20th November, 1926.

[6] For descriptions of the terrible conditions in which many of the refugees were obliged to exist see *Le Temps*, 17th December, 1924 ; *The Manchester Guardian*, 13th and 18th March, 1925, 18th August, 1926 ; *The Times*, 13th March, 1925, 26th July and 20th November, 1926.

[7] The ' Save the Children Fund ' was particularly active in Bulgaria. The first refugee village in the country was built from sums collected by this organization, and was named ' Atholovo ' after the Duke and Duchess of Atholl, who headed the subscription list. The village was opened by King Boris in November 1926 (see *The Times*, 23rd November ; *Le Temps*, 24th November, 1926).

of anxiety to those in authority[1]—even before they culminated in the spring of 1925 in a bomb outrage in the Cathedral of Sveta Nedelia at Sofia.[2] Moreover, the unestablished refugees—whose destitute condition prevented them from moving far from the frontier, across which their abandoned homes were, in some cases, almost within view—provided numerous recruits both for the Macedonian Revolutionary Organization (which aimed at the establishment of an independent Macedonia)[3] and for the bands of *komitajis* whose raids across the frontier were a perpetual cause of friction between Bulgaria and her neighbours. In its international aspect the problem of Bulgarian refugees was closely bound up with the vexed question of Macedonian minorities. On the one hand the desire of the Bulgarian Government to limit the number of immigrants for whom they would have to provide stimulated their interest in the matter of adequate protection for Bulgarophone minorities in neighbouring states ;[4] on the other hand, the activities of *komitajis* gave reason to Bulgaria's neighbours for distrust (which might lead to illtreatment or expulsion) of the minorities whom they suspected of harbouring and supporting raiding bands.

A satisfactory solution of this complex problem was vital to the peace and prosperity of South-East Europe as a whole ; but so long as Bulgaria's internal dissensions, besides maintaining her in a position of constant instability, continued to give rise to international complications, and so long as her neighbours persisted in the belief that the incidents of which they complained were due to causes which the Bulgarian Government lacked the will rather than the power to control—so long as these conditions obtained, there seemed little chance of arranging any form of international co-operation in handling what was, in effect, an international problem. The success of the scheme for settling refugees in Greece[5] showed what could be done ; but the difficulties in Greece, though enormous, had been mainly technical, whereas, in the case of Bulgaria, though the number of refugees involved was far smaller, there were political complications which had to be unravelled before the technical problem could be approached.[6]

[1] See *Survey for 1924*, Part I C, Section (ii) (*e*), for the communist danger in Bulgaria.

[2] See *Survey for 1925*, vol. ii, p. 253.

[3] See *Survey for 1924, loc. cit.* The Macedonian Organization was not under the control of the Sofia Government, and was, indeed, a constant thorn in its flesh.

[4] For relations between Bulgaria and Greece over the minorities question, see *Survey for 1925*, vol. ii, Part II E, Section (vi).

[5] *Op. cit.*, Part II E, Section (iii).

[6] Compare the parallel cases of the financial reconstruction of Austria and

By the beginning of 1926, however, the outlook was improving. The bourgeois Government of Monsieur Tsankov, which had come into power in Bulgaria on the overthrow of Monsieur Stamboliski's Agrarian Government in 1923,[1] had succeeded, in the course of the next two years, in consolidating the forces of law and order in the country to a considerable extent. Although they had been unable, with the limited forces left at their disposal by the Treaty of Neuilly, to control the lawless acts of their discontented nationals, their policy towards their neighbours had been consistently peaceful; but their hand had been heavy on those whom they had suspected of subversive activities, and until the end of their period in office (when they went so far as to draft a Bill granting an amnesty for certain political offences)[2] their attitude towards their political enemies had been anything but conciliatory. At the beginning of January 1926 a new Government came into power, and Monsieur Liapchev, Monsieur Tsankov's successor in the office of Prime Minister, adopted conciliation as the keynote of his policy at home as well as abroad.[3] The scope of the previous Government's Amnesty Bill was considerably enlarged, and it was hurried through Parliament, so that it passed its third reading on the 4th February.[4] This measure, which affected more than 6,000 communists and agrarians who had been implicated in political crimes since 1922,[5] and which was accompanied by a marked improvement in the relations between the Government and the Agrarian Party,[6] enabled a large number of political refugees who had found an asylum in Jugoslavia or elsewhere to return, if they chose, to Bulgaria and take part openly in the political life of the country.[7] This statesmanlike measure on the part of the Liapchev Government [8] thus had important international

of Hungary. In Austria the problem was mainly technical (see *Survey for 1920–3*, Part III, Section (iii) (5), and the present volume, Part II C, Section (iv) above); in Hungary the technical difficulties were less serious than the political (see *Survey for 1924*, Part II B, Section (iv), and the present volume, Part II C, Section (v) above).

[1] See *Survey for 1924*, pp. 206–7.
[2] *The Times*, 7th January, 1926.
[3] *Ibid.*, 8th January, 1926.
[4] *Ibid.*, 6th February, 1926.
[5] *The Times, loc. cit.*; *Le Temps*, 14th January, 1926.
[6] *The Times*, 16th January, 1926.
[7] *Ibid.*, 13th January, 1926.
[8] The new Government's policy of conciliation, which aimed at rallying all save the extreme communists to their support, did not mean that there was no further danger of subversive activities. It naturally roused the extremists to fresh efforts (see *The Times*, 7th April, 1926). Communist plots were reported to have been discovered at intervals throughout 1926 and the first half of 1927 (see *The New York Times*, 10th April; the *Frankfurter Zeitung*, 2nd July; the *Corriere della Sera*, 3rd July; *Le Temps*, 29th December, 1926; *The Times*, 3rd January and 23rd July, 1927). In September 1926

effects. Not only did it help to create a feeling of greater confidence abroad in Bulgaria's stability (since a Government uncertain of its hold over the country would not be expected to show clemency on such a scale), but it also cut the ground from under the feet of political *émigrés* in neighbouring countries, who had used their influence, especially in Jugoslavia, to hinder any *rapprochement* between their hosts and the Government which had exiled them, and who had also added to the difficulties on the frontier by conducting armed raids into Bulgaria.[1]

In these circumstances the efforts which had already been made by the Bulgarian Government under the Tsankov régime to improve relations with neighbouring states seemed likely to meet with greater success than had hitherto attended them. During the special session of the Assembly of the League of Nations in March 1926, Monsieur Burov, the Foreign Minister in Monsieur Liapchev's administration, had conversations at Geneva with the Jugoslav and Greek Foreign Ministers. He declared himself well satisfied with the results of his discussions with Monsieur Ninčić, which he believed had marked a substantial advance in the work of Bulgaro-Jugoslav *rapprochement*.[2] With Greece relations had been steadily improving since the frontier incident of October 1925, which had led to an invasion of Bulgarian territory by Greek forces and ultimately to the appointment of two Swedish officers to supervise the Graeco-Bulgarian frontier.[3] The main questions still at issue between Greece and Bulgaria related to the exchange of populations under the Neuilly Convention [4] and to a Bulgarian outlet on the Aegean.[5] The liquidation of the property of emigrants, delay in which had been a fruitful cause of dispute,[6] was now making some progress under the auspices of a Mixed Commission;[7] and during the conversations in March the question of a Bulgarian port on the Aegean was again discussed. Greece, it was reported, would have been willing to grant Bulgaria

traces of a Communist-Agrarian conspiracy were found and a number of arrests were made (*The Times* and *Le Temps*, 9th September, 1926).

[1] See *The Times*, 29th May, 1926.

[2] *Ibid.*, 25th March, 1926.

[3] See *Survey for 1925*, vol. ii, Part II E, Section (vii).

[4] See *op. cit.*, vol. ii, Part II E, Section (vi).

[5] See *Survey for 1920–3*, Part III, Section (iii) (8).

[6] On this point see the Report of the League of Nations Commission of Inquiry into the frontier incident of October 1925 (*League of Nations Official Journal*, February 1926), and *Survey for 1925*, vol. ii, p. 298.

[7] *The Times*, 29th May, 1926. In November 1926 it was reported that the Mixed Commission was being reorganized in order to expedite the work, which it was hoped would be completed by the end of 1927 (*ibid.*, 2nd November, 1926).

a Free Zone at Salonica; but Bulgaria would have preferred another outlet in Western Thrace. The construction of a new port, however, would be a costly undertaking, and this consideration had led Bulgaria to reject previous proposals of this nature. No concrete result was achieved at Geneva, but the two Ministers undertook to work, each in his own sphere, for the elimination of differences in order to prepare the way for a solution of the problem of a Bulgarian outlet on the Aegean.[1] The tendency towards a *rapprochement* between Bulgaria and Greece was marked, but with her northern neighbour, Rumania, Bulgaria's relations at this time were less happy. Negotiations for the settlement of various questions at issue had been initiated by Monsieur Stamboliski and continued under Monsieur Tsankov (whose advent to power had been welcomed in Rumania, where the fall of M. Stamboliski was felt to offer a relief from the Bolshevist menace hitherto existing on two fronts), but they had broken down in 1925,[2] and a fresh cause of dispute had arisen owing to the treatment of Bulgarian small-holders in the Dobruja. Many of these small-holders had been deprived of part of their property on the ground that they held no proper title-deeds,[3] and had in consequence swollen the flood of embittered refugees in Bulgaria.[4] Rumania, for her part, was disturbed by reports that the influence of Moscow was spreading among refugees in Northern Bulgaria, as well as by the actual raids of *komitajis* into her territory.[5]

On the whole, however, a marked improvement in the position of Bulgaria *vis-à-vis* other South-East European states had set in by the spring of 1926, and the Government had reason to believe that the pacific policy which had been consistently pursued and the efforts which had been made towards internal reconstruction and consolidation had at length earned for the country sufficient sympathy and confidence to make it possible for them to raise the question of international help for the refugees with good hopes of success. Monsieur Burov went to Geneva in March with the mission of preparing the way for an international loan to be used for the settlement of refugees.[6] At this stage opinion in Bulgaria was still divided as to whether it would be best to approach foreign banking houses direct or to ask for the good offices of the League of Nations.[7] The

[1] *The Times*, 27th March, 3rd April and 29th May, 1926.
[2] *Ibid.*, 20th July, 1926.
[3] They were asked to produce title-deeds relating to their property dating from the time of the Turkish régime, but very few of them could produce titles previous to 1878.
[4] *The Times, loc. cit.*, and 29th May, 1926.
[5] *Ibid.*, 20th July, 1926.
[6] *Ibid.*, 25th March, 1926.
[7] *The Times, loc. cit.*

Government finally decided on the second alternative, and on the 3rd May, 1926, an appeal for help in raising a refugee loan was addressed to the Secretary-General of the League.[1]

According to the Bulgarian Government's account of the situation, there remained about 24,000 families (or 120,000 persons), who were without means of subsistence. Bulgaria, as a non-industrial country with limited material resources, would be incapable, even under normal circumstances, of assimilating large numbers of refugees in a short space of time, and her financial position made it impossible for her to stimulate the economic life of the country and provide work for the new comers. A loan of about £3,000,000 was therefore required, of which about two-thirds would be used to give direct assistance to the refugees (by providing them with stock, implements, &c., and enabling housing construction to be undertaken), and the remainder for subsidiary purposes such as irrigation and drainage works and the improvement of means of communication.

The Bulgarian Government's proposals were submitted for preliminary examination to the Financial Committee of the League, which had at its disposal reports by various experts who had examined the situation in the country.[2] The Financial Committee, in their report,[3] recommended that a loan of £2,250,000 net would be sufficient for the purpose in view, and that certain preliminary steps would have to be taken before the loan could be floated. They considered that the Bulgarian Government would find it necessary to come to an agreement with the bond-holders of pre-War loans; that the statutes of the Bulgarian National Bank would need revision in order to bring them into conformity with the principles of modern central banking; and that arrangements would have to be made with the Reparation Commission to suspend the Treaty charges on certain revenues which it would be necessary to assign for the service of the loan. On the 10th June the Council of the League declared that it was ready to associate itself with a scheme on the lines

[1] The text of the letter is printed in the *League of Nations Official Journal* for July 1926.

[2] i. e., two reports prepared for the International Labour Office, one by M. Tixier on 'Refugees and Labour Conditions in Bulgaria' (International Labour Office: *Studies and Reports*, Series B, No. 15), and the other by Lieut.-Col. Procter (who had made the first inquiry into the refugee situation in Greece), on the economic position in Bulgaria arising out of the influx of refugees; and also a report from Monsieur Charron (of the General Commissariat at Budapest), who made a special visit to Bulgaria in connexion with the Government's application.

[3] Text in *League of Nations Official Journal, loc. cit.* See also *The Times*, 15th June, 1926.

proposed, provided a strict and effective control were maintained over the employment of the loan and the choice of the land for settlement. In view of the urgent need for relief, it authorized its President to take the necessary steps to provide for immediate advances, in anticipation of the loan.

A few days later the Bulgarian Government asked the Reparation Commission for its consent to the use of the revenues from the match monopoly and the excise on salt and spirits as guarantees for the loan.[1] The Commission granted the desired permission on the 23rd June.[2] Conversations with the bond-holders of pre-War loans began in London in July [3] and made good progress. The Financial Committee of the League, which also met in London from the 19th to the 23rd July, having received satisfactory assurances from the Bulgarian Government and from the Governor of the National Bank that the reforms recommended would be carried out, was able to advise the President of the Council to authorize the Bulgarian Government to negotiate for advances up to £400,000 in order to provide for the most urgent needs of the refugees—the early autumn sowing, which would yield a harvest in the summer of 1927, and shelter for the coming winter.[4] The Financial Committee also made arrangements for the control and expenditure of the advances. Monsieur René Charron was appointed to act on behalf of the League in this matter.[5] On the 25th August a provisional agreement with the Bank of England was signed in London by Monsieur Mollov, the Bulgarian Finance Minister, by which the Bank undertook to advance the sum of £400,000 to the National Bank of Bulgaria.[6] The signature of this agreement was rendered possible by the conclusion of satisfactory arrangements with the French, Dutch and British bond-holders, who together held 80 per cent. of Bulgarian pre-War bonds.[7]

In the meantime the negotiations for the refugee settlement scheme as a whole had been proceeding, but not without certain difficulties, owing to the attitude taken up by Bulgaria's neighbours. On the 10th June, when the Council had decided to associate itself

[1] *The Times* and *Le Temps*, 19th June, 1926.

[2] *League of Nations Monthly Summary*, Vol. VI, No. 9 (September 1926). The Inter-Allied Commission at Sofia gave its consent to the scheme on the 22nd June (*loc. cit.*). The Reparation Commission also agreed to the arrangement of a 'transfer' system as a safeguard against the Bulgarian currency being depreciated by Reparation demands (*The Times*, 24th July and 10th November, 1926).

[3] *The Times*, 25th June, 1926.

[4] *Ibid.*, 24th July, 1926.

[5] *The Times, loc. cit.*

[6] *Ibid.*, 26th August, 1926.

[7] *The Times, loc. cit.*; *Le Temps*, 29th September, 1926.

with the scheme, Monsieur Beneš, as spokesman for the Little Entente states, had raised the question whether interested countries not represented on the Council would be bound by the arrangements proposed, and he had received an assurance that members of the League whose territories bordered on Bulgaria would be consulted before the details of the scheme were definitively fixed.[1] One of the periodical meetings of the Foreign Ministers of the Little Entente was held at Bled on the 17th–19th June, and the attitude of the three states to Bulgaria and to the refugees' loan was one of the items discussed.[2] Special interest in the question was shown by the new Rumanian Foreign Minister, Monsieur Mitilineu, whose country had been suffering from a recrudescence of *komitaji* activities in the southern Dobruja. The official information as to the discussions at the Bled Conference was scanty,[3] but it was understood that the Little Entente states had expressed anxiety lest the funds obtained for the settlement of refugees should be used for the support of *komitajis*[4] and had decided to ask the League of Nations to grant them a share in the control which was to be exercised over the employment of the loan in Bulgaria.[5] Statements were also reported to have been made by Monsieur Mitilineu and by Monsieur Ninčić regarding the activities of *komitajis* in the Dobruja and in southern Jugoslavia and proposals for a united policy regarding those activities were believed to have been accepted unanimously.[6] The distrust of Bulgaria's good faith which was implied by these reported decisions was much resented,[7] and Monsieur Burov, the Foreign Minister, who visited Belgrade shortly after the termination of the Bled Conference, took the opportunity to assure Monsieur Ninčić that the Refugee Loan would be used only for its avowed purposes.[8] Monsieur Burov appears to have returned home satisfied that he had been able to remove any cause for misunderstanding, and that Jugoslav-Bulgarian relations would return to the friendly footing that had existed before the Bled Conference.[9]

Unfortunately, the tension between Bulgaria and Rumania had not been decreasing; and during July a series of incidents were reported from the Dobruja which gave rise to official protests and

[1] See the minutes of the Fortieth Session of the Council (*Official Journal*, July 1926).
[2] See *The Times*, 18th June, 1926.
[3] See the brief communiqué published in *Le Temps* of the 20th June, 1926.
[4] The *Corriere della Sera*, 20th July, 1926.
[5] The *Frankfurter Zeitung*, 19th June, 1926. See also *The Times*, 21st and 26th July, 1926.
[6] *The Times*, 21st June, 1926, quoting the *Vreme* of Belgrade.
[7] See *The Times*, 26th July, 1926.
[8] *Ibid.*, 25th June, 1926.
[9] *Ibid.*, 26th June, 1926.

to considerable ill-feeling.[1] When an incident of more than usually serious proportions occurred on the Jugoslav frontier, near Kriva Palanka, on the 28th July,[2] it was felt that the time had come for active intervention. The Jugoslav Minister at Sofia was promptly instructed to make an energetic protest to the Bulgarian Government,[3] while the Rumanian Government ordered the establishment of a military zone, eighteen miles deep, along the Bulgarian frontier in the southern Dobruja. The Jugoslav and Rumanian Governments were next reported to have informed the Great Powers that, in view of the serious situation, they would be obliged to take action more efficacious than diplomatic protests in order to put an end to the activities of the Macedonian Revolutionary Organization and of the *komitajis*. On the 3rd August the representatives in Sofia of France, Great Britain, and Italy appealed to the Bulgarian Foreign Minister to take special precautions against a renewal of frontier incidents and the activities of revolutionary organizations.[4] During the next few days it became known that Rumania and Jugoslavia were planning joint action in which Greece also was to take part,[5] and it was rumoured that an ultimatum was to be presented to Bulgaria,[6] and even that Jugoslavia was mobilizing her forces with a view to an invasion of Bulgarian territory.[7] If strong measures of this kind

[1] *The Times*, 10th, 12th, 14th, 17th and 19th July ; *Corriere della Sera*, 11th July ; *Le Temps*, 12th, 14th, 17th and 23rd July.

[2] Fighting continued for several hours, and three or four Jugoslav gendarmes and peasants were killed. For accounts of the incident see the *Corriere della Sera*, 31st July, 1926 ; *The Times*, 29th and 30th July, 1926.

[3] *The Times*, 31st July, 1926 ; the *Frankfurter Zeitung*, 4th August.

[4] See *The Times*, 7th August ; the *Frankfurter Zeitung* and the *Corriere della Sera*, 5th August, 1926. Monsieur Burov could only reply that his Government were already doing what they could in this direction. As a result of Rumanian representations a number of Dobrujan leaders who were suspected of Communist views had been arrested (*The Times*, 14th July, 1926), and energetic steps had also been taken against subversive organizations in the south-east (*ibid.*, 26th July, 1926) ; while contingents of troops had been drafted into Macedonia under the command of General Todorov, who had been appointed Prefect of Petrič with discretionary powers (*ibid.*, 13th August and 9th September, 1926). The problem of tackling the Macedonian Revolutionary Organization was a peculiarly delicate one for any Bulgarian Government, owing to the large measure of support which the organization enjoyed, on account of its nationalist aims, throughout the country (see *ibid.*, 26th July, 1926).

[5] At the time of the Bled Conference of the Little Entente Greece was reported to have agreed to take joint measures, if necessary, against Bulgaria (see the *Corriere della Sera*, 20th June, 1926). For Graeco-Jugoslav relations at this time see Section (ii) above.

[6] See the *Corriere della Sera*, 7th August ; *Le Temps*, 10th August ; *The Times*, 11th August, 1926.

[7] *Le Temps*, 5th August, 1926.

were ever seriously considered the states concerned were induced (owing, it was reported, to further intervention on the part of the Great Powers)[1] to take a more conciliatory line, and when a collective note from Jugoslavia, Rumania and Greece was finally presented at Sofia on the 11th August, its tone was unexpectedly moderate.[2] The seriousness of the *démarche*, indeed, was mainly due to the fact that it was concerted, whereas of late years each of the three states concerned had dealt separately with Bulgaria on the subject of incidents on their respective frontiers.[3]

The joint note of the 11th August requested the Bulgarian Government to instruct their frontier officials in the strict performance of their duties and in the due execution of agreements entered into for the joint prosecution of brigands; to take measures to put an end to the activities of revolutionary elements and to prevent any recurrence of *komitaji* raids; and to prove their good will by the prompt fulfilment of these requests.[4]

In spite of the moderate tone of the note fear was expressed in Bulgaria that the demands made could not possibly be fulfilled, and the suggestion was widely canvassed that the whole matter should be referred to the League of Nations. This course was looked on with disfavour in Jugoslavia,[5] and the Ministers of France and Italy advised the Bulgarian Government to settle the matter directly and to make their reply as conciliatory as possible.[6] Eventually, three identic notes were presented to Jugoslavia, Rumania and Greece on

[1] The *Frankfurter Zeitung*, 12th August; the *Corriere della Sera*, 13th August, 1926.

[2] See *The Times*, 12th August; *Le Temps*, 13th August, 1926. It was reported at first that a separate note from Jugoslavia had been presented at the same time (*The Times*, 12th August), but this was later denied by the Bulgarian official Press Bureau (*ibid.*, 18th August, 1926).

[3] For the joint note regarding frontier incidents of the 14th June, 1922, which led Bulgaria to appeal to the League of Nations for protection, see *Survey for 1920–3*, pp. 334–5. It was reported that the three signatories of the note of the 11th August, 1926, were not of one mind in their attitude towards Bulgaria (see *The Times* and the *Corriere della Sera*, 13th August, 1926). Greece had less reason to be dissatisfied with existing conditions than the other two states, and was said to have joined rather half-heartedly in the protest. No doubt Greece did not wish to prejudice her negotiations with Jugoslavia for an alliance (see Section (ii) above), but at the same time her relations with Bulgaria were friendly.

[4] See the summary in *The Times*, 13th August, 1926.

[5] See *Le Temps*, 15th August; *The Times* and the *Corriere della Sera*, 18th August, 1926.

[6] *The Times*, 21st August; *Le Temps* and the *Corriere della Sera*, 22nd August. The British Minister, though, like his *confrères*, he visited King Boris and the Foreign Minister, seems to have been less active on this occasion (*The Times*, 23rd August, 1926).

the 27th August.[1] The Bulgarian Government pointed out that there had been a considerable decrease in frontier incidents since the beginning of 1926 (no complaints had been lodged by Greece during the past eight months, and only four by Jugoslavia as compared with twenty-five during 1925). Every effort was being made to put an end to revolutionary activities in Bulgaria, but the successful accomplishment of this task depended on the solution of many cognate questions, which the Government only refrained from raising in order not to prejudice their relations with their neighbours. With regard to frontier supervision, this was especially difficult for Bulgaria in view of the scantiness of her military forces. Finally, the Bulgarian Government declared themselves prepared to submit to the arbitration of the League of Nations, should the matter be brought before the Council.[2]

In the meantime the Rumanian, Jugoslav and Greek Governments[3] had each addressed to the Secretary-General of the League, on the 5th, 20th and 21st August respectively, a note of protest on the subject of the Refugees' Loan. The notes, which were couched in similar though not identical terms, contested the accuracy of the statistics submitted to the League, urged that only the refugees who had entered Bulgaria since the War (who, according to Jugoslav estimates, did not number more than 43,000) need be taken into consideration, and declared that the Bulgarian Government intended to employ the funds obtained for other purposes, such as the construction of railways for strategic use. In order to ensure more efficient control over the employment of the loan the League was asked to invite representatives of Bulgaria's neighbours to sit on the Council when the matter was under discussion, and also to establish a Committee of Control (similar to that set up in connexion with the Reconstruction Loan to Hungary[4]) on which Jugoslavia, Rumania and Greece would all be represented.[5] These demands aroused great indignation in Bulgaria,[6] and on the 3rd September Monsieur Burov, the Foreign Minister, announced in the Sobranje that the Refugee Loan would be refused if neighbouring states were permitted to exercise control over its employment.[7]

[1] *The Times*, 28th August; *Le Temps*, the *Frankfurter Zeitung* and the *Corriere della Sera*, 29th August.

[2] See the summaries in *The Times*, 28th August and 1st September, 1926.

[3] The initiative in this concerted protest apparently came from Rumania.

[4] See *Survey for 1924*, Part II B, Section (iv).

[5] See *The Times*, 19th, 26th, and 27th August; the *Frankfurter Zeitung*, 24th August.

[6] *The Times*, 26th and 27th August, 1926.

[7] *Ibid.*, 4th September, 1926.

At the invitation of the League Council, the representatives of Jugoslavia, Rumania and Greece attended the meetings of that body in September at which the Bulgarian Refugee Loan was discussed, and although certain objections were raised up to the last moment, the difficulties were finally smoothed out. On the 7th September the Council, amid expressions of satisfaction from all sides, adopted the scheme for the settlement of Bulgarian refugees which had been worked out by the Financial Committee, and the Jugoslav delegate expressed the hope that the Council's decision would have the result of improving the political situation in South-Eastern Europe, and would thus pave the way for a 'Balkan Locarno'.[1] The scheme [2] was embodied in a protocol which was approved by the Council and signed by the Bulgarian representative on the 8th September. The control of the funds obtained from the loan was vested not in a committee of control, but in a single Commissioner (Monsieur René Charron), who was to approve all plans of settlement and be free to refuse to release sums from the loan if he was not satisfied that sums previously released had been spent in the manner authorized by him. The Commissioner was to approve the character and situation of land provided by the Bulgarian Government for settlement purposes (the Government was to supply at least 132,000 hectares of land suitable for agriculture). The establishment of large numbers of refugees in frontier districts—a point on which neighbouring states had naturally felt anxiety—was thus guarded against. Provision was made for improvements in communications required for the settlement of the refugees, and as the Bulgarian Government proposed to build a railway line in the direction of the Greek frontier, it was arranged that the Commissioner, before releasing the necessary funds, should satisfy himself that the works in question were intended solely for economic purposes. Finally, a procedure was laid down by which neighbouring states would be able to obtain information and present observations to the Commissioner, and secure the examination by the Council of matters specially affecting their interests.

Suitable arrangements having thus been made with regard to the control of the loan funds, Bulgaria's neighbours decided to accept as satisfactory her reply of the 27th August to their collective note of the 11th August. A joint note was received at Sofia on the 11th September which, in friendly and conciliatory language,

[1] *Ibid.*, 8th September; *Le Temps*, 9th September, 1926.

[2] See *League of Nations Monthly Summary*, vol. vi, No. 9. (September 1926).

acknowledged receipt of the Bulgarian Government's communication,[1] and the incident was finally liquidated in direct explanations between Monsieur Burov and Monsieur Ninčić at Geneva during September.[2]

On the 29th September the Sobranje ratified the protocol signed by the Bulgarian representative at Geneva, and passed a Bill giving the Government power to organize the service for the settlement of the refugees in co-operation with the League Commissioner.[3] At the end of October Sir Arthur Salter, the Director of the Economic and Financial Section of the League Secretariat, visited Bulgaria to study on the spot the plans for refugee settlement,[4] and early in November Monsieur Mollov, the Bulgarian Finance Minister, left for London to complete the arrangements for the issue of the loan.[5] By the beginning of December the negotiations had been satisfactorily terminated, and an agreement was signed which provided for an issue of £2,400,000 in sterling bonds (£1,750,000 in Great Britain and the rest in Holland, Italy and Switzerland), and of $4,500,000 in the United States.[6] The amount sanctioned by the League for refugee settlement had been £2,250,000; but the interested parties had agreed to an increase in the loan in order to permit the Bulgarian Government to pay off certain outstanding debts, in respect of which difficulties had been encountered.[7] The loan agreement, and various annexed agreements regarding arrangements with pre-War bond-holders, were ratified by the Sobranje on the 17th December.[8] The loan was offered for subscription in London on the 21st December,[9] and the amount required was covered about ten times.[10]

[1] *The Times*, and *Le Temps*, 13th September, 1926.
[2] *The Times*, 27th September and 1st October, 1926.
[3] *Ibid.*, 1st October, 1926. The execution of the scheme was not entrusted to an international commission, as was the case in Greece, but was the direct responsibility of the Bulgarian Government.
[4] *Ibid.*, 28th October; *Le Temps*, 31st October, 1926. See Sir Arthur Salter's own account of his visit in *The Times*, 20th November, 1926.
[5] *Ibid.*, 4th and 11th November, 1926.
[6] *Ibid.*, 8th and 20th December, 1926.
[7] See *Le Temps*, 8th August, 29th September, and 18th December; *The Times*, 2nd July and 8th December, 1926. The difficulties had arisen especially in connexion with Treasury Bonds issued in 1912 and 1913 by a French banking-house.
[8] *The Times*, 18th December, 1926.
[9] *Ibid.*, 21st December, 1926.
[10] *Ibid.*, 29th December, 1926.

PART III

THE FAR EAST

A. THE SITUATION IN CHINA

(*a*) Introduction.

In a preliminary note to the *Survey for 1920–3* it was explained that the object aimed at was a survey of relations between states, and that accordingly these relations, and not the states as separate entities, had been taken as the subjects for treatment; but at the same time attention was drawn to the existence of exceptional cases in which the status or internal condition of a country was itself an international affair, and the case of China was mentioned as an illustration. If this was true of China during the time between the end of the General War of 1914–18 and the termination of the Washington Conference in February 1922, it was still more patently true during the four years between the termination of the Washington Conference and February 1927—the month with which the record of international affairs in China is brought to a close in the present volume.

During these years the internal affairs of China were doubly interwoven with the international affairs of the Far East and the Pacific. In the first place, the disturbances through which the internal life of China was passing could be diagnosed in part as reactions to influences—economic, political and cultural—which had come to China from abroad, some from the West during nearly a century of close intercourse, and others from the Union of Soviet Socialist Republics during the comparatively short period since the establishment of the Bolshevik régime in Russia. In the second place, these internal disturbances in China (whatever the exact diagnosis of the various stimuli might be) were exercising an immediate, intimate, and dangerous effect upon the course of international affairs owing to the extensive international servitudes (in the legal sense of the term) to which the internal life of China had become subject since 1842. On this account the revolution and civil war in China were of greater international import, though not necessarily of greater intrinsic historical importance, than the violent internal readjustments which were taking place during the same period in certain other countries—for example Italy—which happened at the time to be fully sovereign and independent.[1]

[1] During the four centuries ending in 1870, the internal affairs of the states

The movement of events resulting from this constant interaction of internal and international affairs on Chinese soil was exceedingly complex and might at first sight appear entirely chaotic. On closer inspection, however, the events of the year 1926 can be seen to have moved in three distinct vortices: one centring round Peking, a second centring round Canton, and a third forming in a previous political vacuum which approximately coincided with the Yangtse Basin. To the Peking vortex belonged the northern campaign in the Chinese civil war with its incidental international consequences; the proceedings of the Tariff Conference[1] and the Extra-territoriality Commission, which marked the last attempt on the part of the foreign Powers concerned with China to deal with the Peking Government as an effective central authority; and the denunciation by the Peking Government of certain of the 'unequal treaties' (a remarkable sign of life, which indicated that the Peking Government, in ceasing to be an effective channel for the efforts of the Powers to reach a new *modus vivendi* with the Chinese people, had not altogether ceased to be an effective instrument of the Chinese people in its efforts to readjust its relations with the Powers according to its own desires).[2] The three-cornered relations between the Chinese people, Soviet Russia and Japan in Manchuria were interlocked with these events centring round Peking. To the vortex round Canton, on the other hand, belonged the rise of the Kuomintang Party and the concurrent development of a conflict between its right and left wings; the lifting of the anti-British boycott which had been put into operation at Canton in the preceding year;[3] and the simultaneous imposition of the Washington Customs Surtaxes or their equivalents—a step which affected the administration of the Maritime Customs throughout China and perhaps led indirectly to the dismissal of Sir Francis Aglen by the Peking Government. As for the vortex in the Yangtse Basin, it hardly began to form until the Kuomintang armies had gained their signal victories over the forces of Wu P'ei-fu and Sun Ch'uan-fang in the southern campaign of the civil war. From the autumn of 1926 onwards, however, this third vortex began to draw to itself a larger and larger proportion of those political energies, foreign as well as Chinese, which previously had either gravitated round Canton and Peking or had been diffused over other parts of the immense area covered by the territories of the Chinese Republic. As this concen-

then existing on Italian soil had been of international import in somewhat the same sense as were the internal affairs of China during the period under review.

[1] These have been dealt with in the *Survey for 1925*, vol. ii, Part III, Section (viii). [2] On this point see further Section (β) (iv) below.

[3] See *Survey for 1925*, vol. ii, Part III, Section (xi) (*e*).

tration of energies proceeded, the tension of forces became more acute and the danger of disastrous international consequences more imminent. By February 1927, when the centres of activity had definitely shifted from Peking and Canton to Shanghai and Hankow, the general situation had grown distinctly more grave than it had been before.

The internal disorder in China which, since the time of the Washington Conference, had taken the form of incessant civil war, and which latterly had been impinging more and more violently upon the international situation, could be interpreted in two ways. In one aspect it was, as has been suggested above, a reaction to external stimuli to which China had only recently been exposed; but in another aspect it was simply the repetition of a phenomenon which had recurred repeatedly in Chinese history before China had come into contact with either the West or Russia.

The Chinese revolution which had started in 1911 and had become so disturbing a factor in international affairs by 1926 was on a different scale and of a different character from the historic revolutions of modern Western countries; for China was not a 'country' in the modern Western sense but a world in itself, and the Chinese people were not a nation of the same species as the British, French or Japanese, but an entire society of an order which had perhaps only four other living representatives—the Hindu, Islamic and Orthodox Christian societies, and Western society itself.

Like these other societies, Chinese society was historically a 'commonwealth of nations' with an international life of its own—a life which it had been living, according to a régime founded upon Chinese experience and temperament, for centuries before the local international system of the Western World had begun to spread its net round the planet and to embrace the whole of Mankind. Indeed, Chinese civilization had been in existence for many centuries before modern Western civilization had arisen from among the ruins of the Roman Empire.

It was the persistent recurrence, in China, of that phase of international life which the Roman Empire represented in the history of ancient and modern civilization in the West that gave Chinese history its distinctive (and to Western observers unfamiliar) character. How early in Chinese history the phenomenon of the 'world-state' first appeared is a matter of speculation; for the traditional version of early Chinese history, which portrays a Chinese 'world-state' springing into existence like Athene, fully grown and fully arrayed, at the beginning of all things, may well be a mythical reflection into the

primitive past of an institution which dominated the life and imagination of the Chinese people in later times. At any rate, in the eighth century B.C., which seems to be the earliest age in Chinese history of which there is a credible record, the Chinese world—like the ancient Greek world in the same age—was partitioned among a number of conflicting and unstable principalities; and in the course of the third century B.C. these principalities were forcibly amalgamated, as the outcome of a series of internecine wars, into a single 'world-state', by much the same process as that which ended, some two centuries afterwards, in the substitution of the Roman Empire for a number of warring states round the shores of the Mediterranean. Like the Roman Empire, again, the 'world-state' founded on force by Ts'in Shih Huang-ti and perpetuated by the consent of the governed under the succeeding Dynasty of the Han broke up after rather more than four centuries of cohesion. From that point onwards, however, the histories of the Far East and the West diverged.

In the West the phase of international life which had been represented by the Roman Empire did not recur; and the posthumous prestige of the great institution which had given peace and unity to the Western World during a brief interlude only availed to evoke, in the Holy Roman Empire, a feeble ghost of the past. At the corresponding stage in the history of the Far East, China took not the Western but the Byzantine turning. In China the Dynasties of Sui and T'ang reconstructed, in concrete reality, the 'world-state' of Ts'in and Han. The sanction of the Confucian Classics, which the statesmen of the Han Dynasty had sought for the first Chinese 'world-state', was secured for its successor by the statesmen of the T'ang Dynasty through the institution of open public examinations in the Classics as the avenue to official employment in the service of the Central Government—a stroke of statesmanship which gave the reconstructed Chinese 'world-state' the triple support of tradition, democracy, and ability. Finally, the Confucian Renaissance of the eleventh and twelfth centuries after Christ appears to have restored (by reinterpreting) the Chinese Classics to a position of greater relative influence than the position which was recovered for the Greek and Latin Classics by the later Renaissance in the West.[1]

Thus the phase of international life represented by a 'world-state', and the outlook induced by a consciousness of continuity with the past, had become very much more potent factors in Chinese civiliza-

[1] This restoration of the influence of the Chinese classics was at the expense of the exotic doctrines of Mahayana Buddhism, which had made their way into China during the interregnum.

tion by the twentieth century after Christ than they were in Western civilization at that time. Yet this prevalence of unity and continuity in Chinese life was not absolute but only relative.

A Chinese author, Lo Kuan-chung—writing in the days of the Yüen (Mongol) Dynasty a romance of 'The Three Kingdoms' into which the Chinese world had broken up when the 'world-state' of the Han Dynasty had broken down—intimated the moral of his story in the first and last sentences of his work: 'Empires wax and wane; states cleave asunder and coalesce . . . states fall asunder and re-unite; empires wax and wane';[1] and this philosophy of Chinese history was borne out by the historical facts; for, during the span of thirteen centuries which intervened between the foundation of the T'ang Dynasty and the overthrow of the Ch'ing (Manchu) Dynasty in 1911, the prevalent unity and continuity of Chinese life had been interrupted by intermittent bouts of disunion and disorder. Thus the chaos into which China had fallen since 1911 was by no means unprecedented, and in 1926 any Western observer who had some acquaintance with Chinese history could see the Chinese civil war in perspective as one of these repeated and almost periodic upheavals.

A philosophic historian might even speculate as to whether such bouts of disunion and disorder were not the price at which China had purchased a relative stability which was almost unparalleled in history.[2] It might be that in reverting periodically to the turbulent conditions which, in China as elsewhere, had characterized the age of youth and growth, Chinese society had been practising unconsciously the arts of Medea—the sorceress who knew how to rejuvenate mortal creatures by hewing them in pieces and casting them into her magic cauldron, whence in due time (if she willed) they came forth whole, with a fresh span of life before them. Such, at least, was the conjecture of one early but well-informed and able-minded British observer:

> It has been shown . . . by conclusions drawn from the long experience

[1] English translation by C. H. Brewitt-Taylor: *San Kuo, or The Romance of the Three Kingdoms.*

[2] From its first historically certain establishment in 220 B.C., down to the overthrow of the Ch'ing (Manchu) Dynasty in 1911, the Chinese 'world-state' had perpetually reasserted itself for 2,130 years—a span which may be contrasted with the bare four centuries during which the Roman Empire existed in the West, and the 1,484 years during which it existed and reasserted itself in the Near East (latterly as a mere enclave of territory round Constantinople). The duration of the Chinese 'world-state' had only been surpassed by that of the Ancient Egyptian State of the same species, which endured (with intermittent interregna like those in Chinese history) for more than three millennia before Egyptian society succumbed to the successive solvents of Hellenism, Christianity and Islam.

> of Chinese history that periodical dynastic rebellions are absolutely necessary to the continued well-being of the nation: that only they are the storms that can clear the political atmosphere when it has become sultry and oppressive. . . . Whether that political system which renders such crises from time to time indispensable is the best that could be devised or is one of average goodness or is a very bad one cannot be made the question. The system *is there*. It exists, and exists deeply rooted in the mental nature of a large and homogeneous people. When we have by moral agencies changed that mental nature, then we may begin to speak of forcibly interfering with the system for the benefit of that people.[1]

On the other hand it might be that these recurrent disorders were intimations of mortality—premonitions that even the Chinese 'world-state' was not permanently exempt from the law of decay and dissolution which had prevailed over all similar states in the past and indeed over all human institutions. If this second explanation hit the truth, then, of course, however many times China might recover from her bouts of sickness, one bout was destined eventually to prove mortal. Yet what historian, in 1927, could venture to pronounce that the seizure under which the Chinese 'world-state' had been labouring for the past sixteen years was a death agony? Similar disorders in the past had sometimes lasted for generations and even for centuries, and still the Confucian discipline had eventually regained its ascendancy and the 'world-state' first established by violence in 220 B.C. had eventually been reconstituted by the tacit consensus of the Chinese people. The truth was that these recurrent disorders, which had repeatedly subverted a perpetually reconstructed Chinese Central Government, did not touch the foundations of Chinese social life, which consisted in the spontaneous local self-government of the agricultural population in their villages—a self-government which had probably existed long before the establishment of any Central Government and which was not involved in the downfall of any dynasty. Thus the intermittent disorders which had interrupted the continuity of the Chinese 'world-state' had been disturbances in the superstructure of Chinese society, not relapses into social anarchy; and the disorder which broke out in 1911 might prove, after all, not to differ in significance from those previous disturbances which had created an agitation on the surface of Chinese history. In 1926, when this disorder had been at work for fifteen years, it was still apparently confined to three elements which, even at that date, amounted in the aggregate to no more than a small

[1] T. T. Meadows, Chinese Interpreter in H.M. Civil Service: *The Chinese and their Rebellions* (London, 1856, Smith, Elder), p. 464.

fraction of the Chinese people. The first of these three elements consisted of the rascals and 'ne'er-do-weels' (always present in China as elsewhere) who in China were apt to increase and to become 'armies' when disorders broke out. The second element consisted of the students, old and young, who had had a Western education, training or excitation. The third element consisted of the city-workers, who were amenable to propaganda and organization of the Western type. Yet these three elements were little more than flotsam and jetsam on the surface of Chinese life, and it remained to be proved that the agitation into which they had fallen was stirring the depths of that life as it was, and always had been, lived in the villages by the peasantry.

Yet this time there was also an alien element in the situation which made it conceivable that Chinese history might not simply repeat itself once again, and that the Celestial Kingdom, after surviving the assaults of more than two thousand years, might at last be being taken by storm. Hitherto the 'world-state' had recovered from each successive bout of anarchy by eventually subduing the turbulence or winning the allegiance of the violent men who dared from time to time to break its peace. Each time the tradition and prestige of the Confucian culture had proved itself a stronger force than the prowess and ambition of military adventurers who sought to exploit China for their own ends—whether these adventurers were barbarians breaking in from the outer darkness or proletarians rising up from the Chinese underworld. The military adventurers who were contending for the spoils of China in 1926 did not differ in kind from their predecessors, but they were armed with new-fangled weapons which gave them, at least for a season, unprecedented power to pursue their irresponsible personal aims. China under the heel of her *tuchüns* and *tupans* after the downfall of the Ch'ing Dynasty in 1911 presented a spectacle curiously reminiscent of the Middle East in the generation of anarchy when the heritage of the last Achaemenid was being disputed by force of arms between the successors of Alexander. In either case, an ancient empire, which had long extended its aegis over a large portion of Mankind, had suddenly become the prey of 'War Lords' whose incessant yet inconclusive struggles were conducted with all the moral abandonment of adventurers who had cast off the trammels of public duty and even of personal loyalty, and with all the material resources of a highly developed military technique; but the parallel went further. In either case, the new military technique wielded by the 'War Lords' was potent because it was an alien force introduced abruptly, from

another world, into a society long impervious to innovations. In either case, again, the new military technique was only one constituent in a foreign way of life which possessed an inner unity and which therefore tended, wherever it found a footing, to impose itself as a whole; and while the acquirement of Western military technique might be simply intensifying the destructive effects of an ordinary Chinese bout of anarchy, the simultaneous influx of other elements of Western civilization might be bringing to China the germs from which a new order would spring when the tyranny of the 'War Lords' was overpast. The introduction of Western military equipment into China[1] was an incidental part of a process which was also introducing the Western arts of peace, and which was opening the door for the introduction of Western methods of thought and Western standards of conduct.

Meanwhile, the civil war was inflicting severe injuries on China in several ways. The most serious evil was the mere size of the armies which were being kept on foot, and which had to be fed, clothed, munitioned, and occasionally paid by the respective 'War Lords' in order to prevent the troops from deserting, at some critical moment, to a rival camp. The constant difficulty of raising the funds required led the 'War Lords' to commit lawless exactions which reduced the Peking Government to impotence in its function as a central administration, and which perpetually embroiled China with foreign Powers whose treaty rights in China were incidentally violated. The next most serious evil was the paralysis, and the progressive deterioration, of the already inadequate means of transportation in China, by the repeated commandeering of rolling-stock on the railways and of steamers on the navigable rivers for movements of troops which, more often than not, left the general military situation very much where it had been before. This evil, again, injured China herself as well as the foreigners who had invested capital in China in railway and steamship lines.[2] These incidental economic ills were more destructive of life and property than the actual slaughter and devastation resulting directly from the military campaigns; for these

[1] For the unsuccessful attempt to restrict the import of Western arms and munitions into China by international agreement after the close of the General War of 1914–18, see Sir Frederick Whyte, *China and Foreign Powers* (second ed., Oxford University Press, 1928). See also *China Year Book*, 1926–7, pp. 1062–5.

[2] The steamers used by Chinese 'War Lords' for transporting troops mostly belonged to the category of steamers which, though they had acquired the right to fly foreign flags (chiefly French and Italian), were actually Chinese-owned (see Section δ (xi) below). There were, however, cases of troops in that region being carried in Japanese ships.

Chinese 'War Lords', like the Macedonian Diadochi or the Italian Condottieri, found it politic not to exceed certain limits in exacting sacrifices, for their personal ends, from a mercenary soldiery and an unenthusiastic civilian population.

In regard to the size of the armies, there were no statistics, since large bodies of armed men were continually crossing and recrossing the ill-defined line that distinguished soldiers from brigands, while it was impossible to tell what proportion of the soldiers shown on the pay-roll of any given commander at any given moment were really to be found with the colours. At the beginning of the year 1927, the estimates of the total number of Chinese troops on service varied between 1,300,000 and 2,500,000.[1] It may be remarked that, even if the higher of these two figures were the nearer to the truth, the percentage of the total population of China which was under arms at this time was probably lower than the percentage under arms at the same moment in Europe—though any such attempt at comparison could only be speculative, since the total population of China in this period was no more accurately ascertained than the total strength of Chinese armies. Nor again would these percentages, by themselves, throw much light on the relative burdens imposed by militarism on China and on Europe, since the average amount of wealth per head was so much greater in Europe than in China at this time that Europe could presumably bear greater military burdens without greater strain.

Another possible index of the material damage which China was suffering from the burden of armies and armaments and from the predatory and destructive activities of the 'War Lords' was afforded by the figures of China's foreign trade, some of which are presented in a note at the end of this introduction. These figures of Chinese imports and exports, regularly and accurately compiled by the statistical branch of the Maritime Customs Service, had repeatedly exceeded expectations during the period of disorder which had begun in 1911—even during the year 1925, when the anti-British strike and boycott were operating to aggravate, on a vast scale, the disturbance of trade which was already being produced by the direct and indirect effects of the civil war. Of course the total figures only gave an imperfect picture of what was taking place, and a closer analysis showed serious diminutions of local trade in the regions chiefly affected by strike, boycott, and civil war, and of trade in all regions with the foreign country which was the chief target of the anti-foreign movement at this time, namely Great Britain. The local

[1] *China Year Book*, 1926–7, p. 1065.

diminutions, however, were set off by increased volumes of trade in other regions of China (particularly in the Manchurian provinces, where a new country, with great latent agricultural and mineral wealth, was being rapidly opened up), while the more wide-spread diminution of trade with Great Britain was being set off by increases in the China trade of other foreign Powers—for example, the United States, and notably Japan—which for the time being were relatively less unpopular; so that, even when the figures of China's foreign trade during these years are analysed in this way and allowances are made for these offsets, the figures leave a distinct impression that the material damage caused by the disturbances was not so great as might have been expected by a Western observer interpreting the spectacle of Chinese disorder in Western terms. The customs figures for 1927 were the first to show a decrease in total receipts, and this decrease, when it at last appeared, was not of startling dimensions.

As for the actual fighting in the civil war, its severity showed a certain tendency to increase as the training and equipment of the combatants slowly improved; yet, according to all standards of bloodshed in war as waged in the modern West, it remained singularly humane. In fact, if the Chinese people might be imagined to have made up their minds unconsciously to master the Western technique of war—not, as was the habit of most other peoples (for instance, the Russians in the Northern War of 1700–21 and the Japanese in the Sino-Japanese War of 1894–5) by practising it on their neighbours, but by the really less preposterous Chinese method (exemplified in the fable of 'Roast Pig') of experimenting on themselves—then it might be argued that the blood and treasure that was being expended in the civil war was not an excessive price to pay for an apprenticeship in an art which no non-Western people could afford any longer to ignore if it wished to hold its own in a 'westernized' world. In this light, the 'War Lords', who appeared superficially to be exempt from all restraint in squandering the lives and fortunes of their countrymen for their private ends, might prove to be puppets whose motions on the stage were manipulated by the unconscious volition of the Chinese people.

Certainly in China—as in other countries where human relations on the political plane were not externalized in the form of democratic institutions—there were methods of spontaneous common action by which, from time immemorial, the people had been accustomed to exert pressure upon rulers who ostensibly wielded absolute power; and it may be divined that Chinese 'War Lords' were intuitively aware of certain bounds which they could only overstep at their peril.

During these years, the most striking example of the Chinese people's power to assert their will in this mysterious yet certainly not ineffective way was afforded by the movement for the abolition of foreign privileges in China, which was promoted not only by the leaders of the Kuomintang, who had given the movement a place of honour in their party programme, but by one 'War Lord' after another who apparently found himself constrained by the pressure of public opinion to follow suit, even though it might have suited his personal interest better to pose as a protector of foreign rights against the Kuomintang's aggression. Thus the unilateral imposition at Canton of duties equivalent to the Washington Customs Surtaxes was perhaps one of the considerations which led the Government at Peking to dismiss Sir Francis Aglen;[1] and the Chen-O'Malley negotiations for the rendition of the British Concession at Hankow were paralleled in the *pourparlers* for the rendition of the British concession at Tientsin which were opened between the Wai-chiao Pu (the Foreign Office of the Peking Government) and the British Legation.[2] Again, when the Peking Government became virtually defunct as a central administrative authority for all China—a demise which may be said to have occurred in April 1926 when Peking passed out of the hands of the Kuominchün into those of Chang Tso-lin and Wu P'ei-fu during the northern campaign of the civil war[3]—the Wai-chiao Pu survived the interregnum; and the same *personnel*, unhampered by the despotism of the two victorious dictators, continued to work for the elimination of the 'unequal treaties' with the same assiduity as before.[4] In this instance the continuity of Chinese foreign policy, in a course which was supported by Chinese public opinion, stood out in contrast to the instability of Chinese internal administration, which remained subject to all the vicissitudes of the civil war because in this field the Chinese people were still comparatively indifferent to the 'War Lords'' misdemeanours.

What was the popular Chinese attitude towards foreigners which was asserting itself in 1926 in this prominent way? To Western observers, whose field of vision extended over other parts of the world, the first feature that commanded attention in China was that the contemporary attitude towards foreigners there was not peculiar to the Chinese, but was common (of course with far-reaching local variations) to the Russians, Hindus, and Muslims, to the natives of Tropical Africa and Central America, and to most other non-Western

[1] See Section (γ) (ix) below.
[2] See Section (δ) (xii) (*e*) below.
[3] See Section (β) (i) below.
[4] See Section (β) (iv) below.

peoples who in modern times had been brought into more or less abrupt contact with Western civilization.[1]

The history of the contact between China and the modern West has been dealt with already in a previous volume of this series by another hand[2] and need not be recapitulated. It will be sufficient here to suggest that this history, as it appeared in retrospect at the beginning of the year 1927, seemed to be cast in the form of the first two acts in a tragic drama in which two parties, the Chinese and the Westerners, were face to face. The first act had opened with the beginning of contact between China and the modern West in the first quarter of the sixteenth century after Christ, and had ended on a violent note in the series of wars, and treaties resulting from wars, which had occupied the years 1839–60. The second act, which had opened after the imposition of terms upon the Chinese Imperial Government in October 1860 by French and British armies who had fought their way to Peking, appeared at the beginning of 1927 to be working up, in its turn, towards some violent *dénouement*. In both acts, hitherto, the relations between the parties had been unhappy; and in both, again, these unhappy relations could be traced to a conjunction of the same two faults of behaviour: obstinacy on one side and impatience on the other. In the interlude, however, the two parties had exchanged their rôles. In the first act, the Chinese had shown themselves obstinate and the Westerners impatient; in the second act, the obstinacy was being displayed by the Westerners and the impatience by the Chinese.

By the date when the first ships from the Western world emerged over the Chinese horizon, Chinese society had been constantly repeating, during a span of more than seventeen centuries, the process of unification in a 'world-state' of a kind which the West had not known since the break-up of the Roman Empire;[3] and although this great span had been broken intermittently by bouts (always violent and sometimes long) of disunion and disorder, nevertheless the 'world-state' had continued to be the dominant institution of Chinese political life to such a degree that the Chinese attitude had never ceased to resemble the Roman attitude towards the rest of mankind. The citizens of the Roman Empire had styled their 'world-state' the *Orbis Terrarum*; the citizens of the Celestial Empire styled theirs *Tien-hsia* ('Under the Heavens'), with the alternative style of *The Middle Kingdom*; yet even this second and somewhat more modest

[1] On this matter see *Survey for 1925*, vol. i, Introduction.
[2] See the clear and judicial *exposé* in Sir F. Whyte, *op. cit.*
[3] For a discussion of this process see pp. 225 *seqq.* above.

title implied that their commonwealth, if not co-extensive with the inhabited world, was the hub of the universe, round which all other kingdoms and peoples gravitated as humble satellites. Though the pretensions to universality of these two mighty commonwealths were confuted by the simple fact that for several centuries they had co-existed on the surface of the same planet, the citizens of both commonwealths gradually lost the faculty of imagining either that there could be any civilization other than their own which merited serious consideration, or that other states could arise in the world which might be entitled to deal with the self-styled 'world-state' on terms of equality, or that this 'world-state', in which they and their fathers before them had lived, moved, and had their being, might not prove eternally supreme or eternally impregnable. The Roman attitude in the age of the Antonines is well expressed in the preface to Appian's Studies in Roman History,[1] the corresponding Chinese attitude in the mandate[2] of the fourth emperor of the Ch'ing (Manchu) Dynasty, Ch'ien Lung, to the British King George III on the occasion of Lord Macartney's embassy to the Chinese court in the last decade of the eighteenth century after Christ. At that time, the Chinese had better ground for maintaining such an attitude than the Romans had had sixteen hundred years before. By then, the Chinese 'world-state' had been asserting and reasserting itself for just over 2,000 years, and had apparently demonstrated that the forces of disruption were powerless to prevail decisively against it. During 2,000 years it had seldom encountered other mortal men who were not barbarians, and the most aggressive of the barbarians had invariably been either repulsed (like the Hiungnu) or expelled (like the Mongols) or captivated by Chinese culture (like the Manchu ancestors of Ch'ien Lung himself). What reason to adopt a different attitude towards these new barbarians from the sea? 'The barbarians are like beasts and are not to be ruled by the same principles as the Chinese. Were one to attempt to control them by the great maxims of Reason, it would lead to the greatest confusion.' The Chinese would not face the fact that, unknown to them, a civilization had arisen in the West which was entitled to rank with the Confucian culture, and that the representatives of this civilization could not with impunity be treated as barbarians. The Chinese stiffened their necks and paid the same penalty as the Persians paid when they encountered the Greeks, or the Byzantines when they encountered the Crusaders. Between 1839 and 1860 the Westerners, impatient at being denied that equality of

[1] Appian of Alexandria (*vixit circa* A.D. 90–160): *Historia Romana*, introduction.

[2] Printed as Appendix I to Sir F. Whyte, *op. cit.*

status which they felt to be their moral due, measured themselves against the Chinese in war and easily extorted by force of arms a privileged position in China for their nationals.[1] The completeness with which the positions of the two parties were reversed is almost beyond the grasp of the imagination. In 1839 the Westerners were still 'barbarians' knocking at China's gates, on the threshold of which they were only allowed to camp at the price of submitting to a régime of extra-territoriality laid down by the Imperial Government. In 1860 the Chinese were already 'natives' in the eyes of a privileged caste of foreigners who had made themselves at home on Chinese soil under the aegis of a very different extra-territorial régime which they themselves had imposed.

There can be little doubt that extra-territoriality on the pattern of 1842 was indispensable if, at this stage in the contact between the two societies, the Westerners were to be enabled to live and trade in China under conditions tolerable to them; but it must be noted that this necessity arose because the Westerners, in their impatience to secure this trade, had opened the doors of China by force before the mind of China had become prepared to deal on equal terms with them. Thus the first act of the drama had not closed without a fault being committed on both sides, and in the second act these two faults produced their consequences.

The first consequence was the reversal of rôles already mentioned. The Westerners, having acquired a position not merely of equality

[1] 'The misapplication of a word, viz. *E, Barbarian*, was a deeper cause, which would in time have led to hostilities, even if nothing more capable of abuse than cotton cloths and teas had been an article of commerce between the two countries. In the course of their history, the Chinese had never met with a people that was at all to be compared to themselves in point of civilization; all but themselves were barbarians, and accordingly met with a policy founded on a large experience and a just appreciation of their more or less barbarous characteristics. The maritime strangers from the Occident who first appeared on the seaboard of China had, as adventurous and turbulent seamen, many of the outward qualities of the continental peoples hitherto known. It never occurred to the Chinese that these men might be among the least cultivated members of a large orderly community; and they did not even inquire whether the resemblances in the specimens before them were anything but superficial. They called them barbarians, ascribed to them *all* the qualities of barbarians, and, very naturally, observed towards them that policy which experience had proved to be most advantageous in dealing with barbarians. As a part of this policy, the Chinese Imperial officers would not communicate directly with the "barbarian headmen", nor speak of them except in the style of superiors speaking of inferiors. On the other hand, the British Imperial officers could not communicate otherwise than indirectly with the "semi-barbarous" mandarins, nor as less than their equals. The mental agencies were denied all opportunity of efficient action, and the physical came unavoidably into play.' T. T. Meadows, *The Chinese and their Rebellions* (London, 1856, Smith, Elder).

but of privilege where they had originally aspired to no more than security, and having won it in large measure owing to a fault of behaviour on the part of the Chinese, were beguiled by the brilliance of their victory into overlooking the fault which had been committed on their side. Hence they fell in their turn into the delusion that they possessed some inherent superiority; came to take it for granted that the new relations established between the West and China in 1839–60 would endure for ever; and failed, when the time came, to face the fact that the Chinese on their side had begun to change. Meanwhile, for those who had eyes to see, the Chinese were passing through a profound spiritual experience. The successive moral shocks of 1839–60 (the defeat by the British and the French), of 1894–5 (the defeat by the Japanese), and of 1898–1901 (the failure of the Boxer Movement) not only produced the political revolution of 1911 which overthrew the Ch'ing Dynasty (as other dynasties, in similar circumstances, had frequently been overthrown in the past); these shocks also produced a psychological revolution for which it might possibly be difficult to find a precedent in Chinese history. In the space of half a century, a society which hitherto had recognized only one civilization in the world, namely the Confucian culture, supplemented by Mahayana Buddhism, and only one state of the first rank, namely the 'Middle Kingdom', reoriented its outlook so thoroughly that it now came and knocked at the door of the West, repeating the creed of Western civilization and demanding admission to the comity of Western nations on a footing of equality as one nation among many. At this dramatic moment the same two faults of behaviour were committed once again.

While the Western residents in China failed to face the new state of affairs and to rise to the occasion, the Chinese now succumbed in their turn to the impatience to which the Westerners had yielded in 1839. Having delayed all too long in adjusting themselves to the situation created by the advent of the West, and having paid for this procrastination by seeing the Westerners forcibly establish themselves in China in a privileged position, the Chinese had no sooner started on the slow and laborious quest of 'Westernization' than they demanded the instant bestowal of the prize which they might have expected, with more reason, to receive when they eventually attained their distant goal. Thus in 1926, when the second act in the drama seemed to be approaching its climax, the two parties found themselves farther apart than ever. Obstinacy on one side was again in conflict with impatience on the other, and this time the conflict in the present was accentuated by memories of the past. The Chinese,

when they impatiently played with the thought of sweeping away foreign privileges by force, remembered that the Westerners had originally extorted these privileges by force in 1839–60. The foreign residents in China, when they obstinately refused to descend from the citadel of extra-territoriality on the pattern of 1842 and to place themselves on a footing of equality with the Chinese, remembered that this foreign citadel had been erected on Chinese soil because, during the first act, the Chinese had obstinately refused to deal with foreigners on equal terms in the open. These memories infused a bitterness and an intransigence into the temper of both parties which rendered the negotiation of a friendly and reasonable settlement peculiarly difficult. The controversy which had to be settled, if the third act in the drama was not to be a disaster, dated not from 1925 or 1919 but from 1839 and 1793. Like the tragedy of the House of Atreus, it was a burden of ancient wrong on either side, which had descended unappeased and therefore aggravated to the third and fourth generation.

Unfortunately, neither party was willing to recognize the fact that the trouble had a long history, in the course of which there had been faults on both parts.

The Chinese nationalists, put out of countenance by the disorder to which their country was given over and exasperated by their inability to cope with it, found a welcome scapegoat in the person of the privileged stranger within their gates, and persuaded themselves that all would be well with China if once foreign privileges were abolished. No doubt these foreign privileges were an anomaly which complicated China's task in seeking to put her house in order; yet to detached observers it was evident that, even if this anomaly were to be removed at one stroke, China would not find herself liberated from the crux of her problem, which was the task of working out her own salvation by a far-reaching reconstruction of her national life. The point was well put by a not unsympathetic foreign observer, Mr. Silas Strawn, the chief American representative on the Tariff Conference and the Extra-Territoriality Commission, who made the following remarks in a public speech delivered at Peking in March 1926:

> We hear much about China being the victim of unequal treaties; that she is being ground under the heel of Imperialism; that her people are suffering from the injustice of extra-territorial rights, and that her sovereign dignity is continuously impinged. Since I have been in China it has been my duty to study the economic, political, and social conditions obtaining here; and while it would be absurd for me to assert that I could accurately diagnose all these conditions, I believe I can confidently state that I have thus far seen no convincing evidence that

China's present-day troubles are in any degree attributable to the so-called unequal treaties, or to the Imperialistic attitude of foreign Powers.

On the contrary, the evidence seems to be overwhelming that the troubles of China to-day are internal rather than external, and that unequal treaties, extra-territoriality, Tariff autonomy, and Imperialism are political slogans which are availed of by the agitators to excite the people of China into a frenzy of criticism and unrest. . . . The people of China cannot accumulate anything for to-morrow's needs because the margin between what they create and what they consume is continuously exhausted and dissipated in futile and purposeless wars.

On the other side, the Western residents in China were inclined, in 1926, to ascribe all their troubles to the supposed effects of Russian Communist propaganda on the Chinese mind. Here again, there was no doubt that the Russian agents in China, and especially the Russian advisers to the Kuomintang,[1] were adding fuel to the flames of the anti-Western movement among the Chinese. For two reasons, both arising from the fact that the Russians had started two centuries earlier than the Chinese themselves on the road towards 'Westernization', the Chinese were susceptible to Russian influence at this time. In the first place the Russians, during an intercourse with the West which had been intimate since the time of Peter the Great, had acquired a command of Western organization and technique which, however imperfect when judged by Western standards, was far superior to anything of the kind which the Chinese had yet succeeded in achieving for themselves. Hence the Russian experts attached to the Kuomintang were able to perform genuine services of considerable value. Indeed, their advice and leadership gave the anti-Western movement in China coherence, organization, definite objectives, and material success; and such services obtained for those who rendered them an influential voice in their employers' counsels.[2] A less palpable but perhaps not less potent cause of Russian influence in China at this time was the fact that the Bolshevik movement, by giving new meaning to a Western revolutionary doctrine, had found an expression for the emotional revolt of a non-Western people against the incubus of Western civilization. In so doing, Bolshevism had made articulate a feeling which had also been mounting up in the breasts of other non-Western peoples, including the Chinese; and though this Russian movement, with its outlandish Marxian trappings, might differ greatly from any expression of anti-Western

[1] See Section (γ) (vii) below.

[2] See *The Times*, 23rd December, 1926, for a notice of the career of Mr. Borodin, the principal Russian adviser to the Kuomintang.

feeling which the Chinese would naturally have worked out for themselves, it struck a responsive chord in their hearts and gave them an emotional satisfaction which inclined them to accept its intellectual content uncritically. Moreover, the Third International, in its propaganda among non-Western peoples outside the frontiers of the U.S.S.R., deliberately refrained from insisting at the outset upon Marxian dogma, and bid for the support of Oriental nationalists (even when these were indifferent or even hostile to the Communist evangel) on the specious ground that Western Capitalism was the common enemy of the Western proletarian and the Oriental nationalist alike, and that this common enemy might be fought on a common front without prejudice to the respective positions, in other fields, of the temporary allies. It would be time enough (the Russian propagandists represented) for Oriental nationalists to make up their minds about Communism when the common enemy had been defeated. Meanwhile, it would surely be folly not to join forces in fighting an opponent who was, after all, so formidable that neither party could afford to forego any tactical advantage that offered itself on this field of battle. For these reasons, the propaganda conducted from Moscow by the Third (Communist) International since the Bolshevik Revolution of 1917 had found an opening in China and had probably contributed in some measure to the growth of the anti-Western movement among the Chinese.[1] Yet to attribute that movement wholly or even principally to the effects of this Russian propaganda was to imply that 1917 was the earliest date to which the origins of the movement could be traced back—a *reductio ad absurdum* for any detached observer who was acquainted with the history of Sino-Occidental relations. Those Western residents in China who were attempting in 1927, in defiance of history, to make the Bolsheviks their scapegoats for a situation which was the

[1] The Russian propaganda was assisted by a small but well-organized Chinese Communist Party which was cleverly led by Chen Du-hsiu. It was this C.C.P. that originally brought the Russian influence into China by forming an alliance with the Third International; and it appears to have been instrumental in bringing about the later alliance between the Russians and the Kuomintang (especially at Canton in 1923). The C.C.P. was also believed to have stirred up the industrial trouble which led to the 'shooting incidents' of 1925 and to have assisted the Russians materially in organizing the propaganda in the Yangtse Basin which enabled the Kuomintang, in 1926, to win their spectacular successes in the southern campaign of the Civil War. It was no doubt owing to the presence of this Chinese Communist element that the Nationalist Government suffered perpetually from divided counsels—particularly in its dealings with foreigners—until Chinese public opinion as a whole declared against both the Chinese Communists and the Russians in the course of the year 1927.

heritage not of ten years[1] but of more than one century, were really displaying the same disinclination as the Chinese nationalists to face an unpleasant fact. Finding themselves unable to cope with a crisis in their affairs, they had seized upon a scapegoat rather than admit that the crisis which was baffling them was partly the outcome of faults committed by them and their forefathers.

It was almost equally beside the point to hold the Russian propagandists in China responsible for the fact that, since the spring and summer of 1925, the impetus of the anti-Western movement in China had been directed against British interests and British nationals. It appeared to be true that the Russian experts in the service of the Kuomintang had deliberately sought to give the Chinese movement this direction, and that their hand was to be seen especially in the attempt to isolate the British from the other foreigners by ostentatiously sparing the nationals of other Treaty Powers (especially the Japanese, who would have been more likely than the British to become the principal target of Chinese attacks, if the Chinese had been left to themselves). Yet these Russian efforts would hardly have been rewarded with success if the whole history of Sino-Occidental relations for more than a century past had not made it natural that Great Britain should rank in Chinese eyes as the protagonist of the Western Powers. The British, in 1839, had blown open that breach in the wall of Chinese isolation through which other foreigners had entered at their heels;[2] the British, since 1842, had

[1] The revolutionary ferment of which Bolshevism was the outcome had of course been at work in Russia for more than a century before the Revolution of 1917 (in a certain sense it dated almost from the time of Peter the Great); but it was not until 1917 that the Russian Revolutionary Movement had gained control of the Russian Government. Between 1689 (the date of the first Sino-Russian Treaty) and 1917 the official Russia with which the Chinese had been in contact had been a disciple of the Western Powers and a more aggressive exponent of 'Imperialism' at China's expense than Germany, France, or Great Britain. Under the Czardom, however, the Russians had only made themselves felt in outlying parts of the Chinese Empire, in the neighbourhood of its land frontiers, whereas the British had extended their peaceful and legitimate commercial activities from the original Treaty Ports all over the interior of the Eighteen Provinces. Hence the British were far more widely known than the Russians in China, and for this reason ranked in Chinese eyes as the leaders of a foreign movement of aggression in which, as a matter of historical fact, the Russians had been both the earliest and the worst offenders.

[2] It is true that the first trade agreement with a foreign Power into which the Chinese Government had been drawn was the Sino-Russian treaty of 1689. On the other hand, as has been mentioned in the preceding foot-note, Russian merchants did not take advantage of the Treaty of 1689, as British merchants took advantage of the Treaty of 1842, to extend their activities into the interior of China; and the rights obtained by the Russian Government in China, unlike those obtained by the British Government, did not in practice create a precedent for other foreign Powers.

conducted the greater part of China's foreign trade; and in 1926 British nationals, British firms, British banks, British shipping, were more prominent than American or French or Japanese in Shanghai (the focal point of contact between China and the West) and in most other Chinese Treaty Ports apart from those in Manchuria. This past and present prominence of the British among the various Western nations concerned in China was enough in itself to prepare the ground for propaganda specifically directed against Great Britain; and there were several particular contributory causes which could also be discerned: for example, a local cause such as the commercial jealousy of the Cantonese towards the British emporium of Hongkong, and temporary causes such as the Shanghai Shooting Incident of the 30th May, 1925, or the Shameen Shooting Incident of the 23rd June—incalculable factors which in any case almost certainly would have produced a violent and widespread anti-British outburst, even if Russian propaganda had not been in the field. Nor was it only the nemesis of past history or the force of present circumstances over which the British in China had no control that was responsible for the specifically anti-British turn which was taken by the anti-Western movement in China at this time. The task of anti-British propagandists was undoubtedly facilitated by the somewhat rigid and unsympathetic attitude towards the new Chinese efforts and aspirations which was being displayed at the time among the communities of British residents in the Treaty Ports, who did not always discriminate between the wheat and the tares of the Chinese Nationalist movement.[1] It was not only facilitated but actively assisted by certain organs, at least, of the local British Press, which had fallen into the habit of writing in an often uncharitable and sometimes militantly hostile tone of this or that Chinese leader or Chinese party and sometimes even of the Chinese people and Chinese civilization as a whole. The temper of this local British Press might not be representative of local British public opinion in the Treaty Ports, and it was certainly not amenable to control by the British Government or by its official representatives on the spot. The British Press in China on certain occasions combatted, with little restraint of language, decisions of high policy which had been taken, with all due deliberation, in London, and thereby caused considerable embarrass-

[1] Compare the attitude towards the new Turkish efforts and aspirations which had been displayed, in 1908 and the following years, by the communities of British residents in Constantinople and Smyrna. That attitude had caused the would-be Turkish reformers to turn to the Germans and so had partly paved the way for the intervention of Turkey in the General War of 1914–18 on the side of the Central Powers.

ment to British diplomacy in situations in which the responsibility rested with the Parliament at Westminster and the costs fell to be paid by tax-payers domiciled in Great Britain. Indeed, if the deeper historical cause of the anti-British movement in China were ignored and only the proximate causes were taken into account, it might actually be difficult for an impartial historian to estimate whether the movement had received the greater stimulus from the anti-Chinese animus of the local British Press or from the anti-British animus of the local Russian propaganda. The Russian propaganda may have inspired the anti-British movement in China with a vigour and a persistence which it might not otherwise have displayed; but, even if Russian propagandists had not intervened, the brunt of the anti-Western movement in China would almost certainly have been borne by the British, and the British Government would almost certainly have taken the initiative in seeking to bring the relations between China and the Western Powers on to a new and less uneasy footing.

This initiative was eventually taken by the British Government in December 1926. In the memorandum communicated on the 18th of that month to the diplomatic representatives at Peking of the other Washington Treaty Powers, and in the successive acts and statements by which this first step was followed up,[1] the British Government admitted in principle that the system of relations between China and foreign Powers which had been established in 1839–60 had become an anachronism;[2] promised to negotiate a revision of this system of relations with a Chinese Government that could act effectively on behalf of China as a whole, as soon as such a Government might be forthcoming; and announced its intention meanwhile to meet the genuine and legitimate aspirations of the Chinese people in the matter in so far as this could be done by unilateral action on the British Government's part. This was the new departure in policy which the British Government took at the end of the year 1926. It was a policy which looked towards the future and looked far ahead;[3] but while taking thought for the future, the British Government was unable to ignore the present and the past; and the heritage of the

[1] See Section (δ) (xii) (*c*) below.

[2] 'The present system is antiquated. It is unsuited to the conditions of to-day, and it no longer provides the necessary security or protection for the peaceful avocations of our merchants.'—Sir Austen Chamberlain at Birmingham, 29th January, 1927.

[3] 'We do not disguise from ourselves the inconveniences and the difficulties of the moment, but we are thinking of our relations with China for the next hundred years.'—Sir Austen Chamberlain at Birmingham, 29th January, 1927.

past, with which the present situation was burdened, compelled it to concern itself simultaneously with a more immediate problem—that of protecting British lives in China from perils arising out of Chinese disorder. The Chinese view of the British as the historic protagonists in a movement of Western aggression made it possible for the Russian propagandists to forestall the effect on Chinese public opinion of the British memorandum of the 18th December, 1926, by working up the anti-British feeling at Hankow to a pitch of tension which forced the British Government's hand.[1] It is true that the invasion of the British concession at Hankow on the 3rd January, 1927, was prevented—by the coolness and self-restraint of the British marines—from entailing bloodshed. Yet, though the British Government was thus saved, by its representatives on the spot, from being involved in another 'shooting incident', it could not escape the odium of taking steps, in the light of what had just happened at Hankow, to safeguard British lives at Shanghai. Thus, before the end of January 1927, only a few weeks after the publication of the December memorandum, the British Government felt itself constrained to take the initiative, again, in a second and quite separate act—the dispatch of the Shanghai Defence Force—and thenceforth it had a dual policy on its hands, a dual policy in which the more urgent temporary need to defend British lives in China was perpetually threatening to conflict with the less urgent but permanent need to place Sino-British relations on a mutually satisfactory footing. In principle, the two objectives were not incompatible; in practice, the necessity of pursuing them simultaneously confronted the British Government with a task of exceptional difficulty. The dual policy was not only inherently difficult in itself; it was also complicated by two circumstances which have been discussed above: the state of mind of both the Chinese Nationalists and the foreign residents in China, who were the two parties directly concerned in the controversy; and the interaction in China between international and internal affairs. The first circumstance made it almost inevitable that the motives and intentions of the British Government should be more or less seriously misinterpreted both in the local British Press in China and in Chinese nationalist organs of publicity both in China and abroad. The second circumstance was referred to by Sir Austen Chamberlain in a speech delivered in the House of Commons at Westminster on the 10th February, 1927, in the following words:

> You cannot understand the present position unless you take some account of the history of this question. From time to time in the long

[1] See Section (δ) (xii) (*f*) below.

history of China a dynasty has failed, or been overthrown, and a long period of civil disturbance has followed. In recent times, since the contact between the West and the East, those periods of civil disturbance have always been periods of risk and danger to the foreign communities in China.

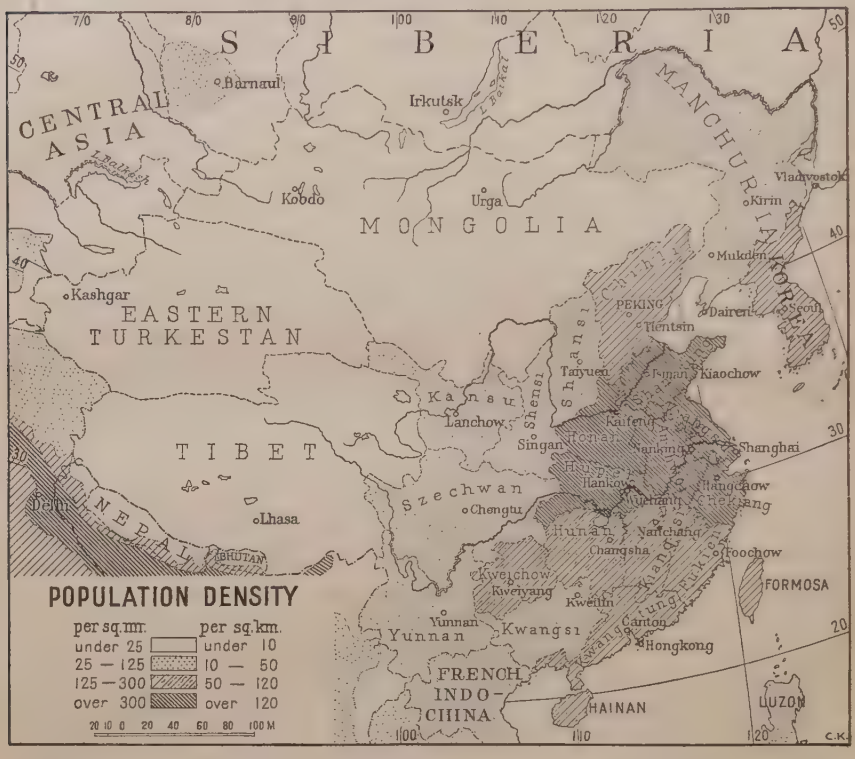
Probably the British Foreign Secretary had in mind the most recent of these bouts of disorder before the present, and was alluding to the precarious position in which the Western settlement at Shanghai—at that time in its infancy—found itself at certain moments during the T'aip'ing Rebellion of 1850–64. Yet the modern peoples of the West were not the first barbarians who had descended upon China from the Southern Sea. When the Islamic Commonwealth was in its prime under the 'Abbāsid Caliphate, Arab and Persian merchantships had plied between the Persian Gulf and the China coast, and Arab and Persian traders had formed their settlements in Chinese ports.[1] In the beginning these earlier strangers from the West, like the 'sea barbarians' of modern times, had shown themselves far superior to the Chinese not only in commercial enterprise but in the art of war; and in their day they had acted in China with a high hand. In A.D. 758 they had sacked and burnt Canton, as the Westerners sacked and burnt the Summer Palace at Peking in A.D. 1860; and an Arab expeditionary force, equipped 'with improved weapons and armour', had assisted the T'ang Dynasty to put down the Great Rebellion of A.D. 755–63, as the Ch'ing Dynasty had been assisted by Western soldiers of fortune to put down the T'aip'ing Rebellion of A.D. 1850–64. Yet these earlier barbarians from the sea who had ridden the storm in one Chinese bout of disorder had been swept away in another.[2] About the year 874 the Government of the T'ang Dynasty fell into the agonies of dissolution; and in 878 Kanfu, at that time the mart for all the Muslim merchants, was besieged by the leader of the rebellion.

At last he became master of the city and put all the inhabitants to the sword. There are persons fully acquainted with the affairs of China who assure us that, besides the Chinese who were massacred on this occasion, there perished 120,000 Mohammedans, Jews, Christians and

[1] The following facts are taken from M. Broomhall, *Islam in China* (London, 1910, Morgan and Scott), esp. pp. 24–50.

[2] There was of course an Islamic community of considerable numerical strength, in both North-Western and South-Western China, in A.D. 1926; but this community was not descended from the Arab and Persian seafarers of the eighth and ninth centuries but from Muslims who had filtered in overland, for the most part subsequently to the catastrophe of A.D. 878. The province of Sinkiang, with its Turkī Muslim population, had been incorporated in the Chinese Empire by a conquest in the eighteenth century and a reconquest in the nineteenth.

Parsees, who were there on account of traffic. . . . From these combustions there arose many unjust dealings with the merchants who traded thither, which having gathered the force of a precedent, there was no grievance, no treatment so bad but they exercised upon the Arabs and the masters of ships. They extorted from the merchants what was uncustomary, they seized upon their effects, and behaved towards



POPULATION DENSITY IN CHINA [1]

them in a method of procedure quite contrary to the ancient usages, and for these things has God punished them by withdrawing His blessing upon them in every respect, and particularly by causing the navigation to be forsaken and the merchants to return in crouds [*sic*] to Siraf and Oman pursuant to the infallible orders of the Almighty Master, Whose Name be blessed.[2]

[1] This map is reproduced, by kind permission of the author and the publishers, from Dr. Isaiah Bowman's *The New World*, copyright 1924 in the United States and Great Britain by the World Book Company, Publishers, Yonkers-on-Hudson, New York.

[2] Quoted by Broomhall, *op. cit.*, p. 50, from the narrative of Abu Zaydu'l-Hasan of Siraf, as translated from the Arabic by Eusebius Renaudot in *Ancient Accounts of India and China by two Mohammedan Travellers* (London, 1733).

It was in order to prevent the second act in the Sino-Occidental drama of modern times from ending in a similar catastrophe that the decision to dispatch the Shanghai Defence Force was taken by the British Government in January 1927. It was in order to inaugurate a third act under happier auspices than those which had presided over the second or the first that the same British Government initiated the policy of the 18th December, 1926.

Note on Chinese Maritime Customs Revenue and on Defaults on Chinese Loans

The following table [1] shows the total revenue collected by the Chinese Maritime Customs each year from 1916 to 1927:

	Total Revenue (in Haikwan Taels)	*Rate of Exchange (Haikwan Taels to Pound Sterling)*
1916	37,764,311	3*s.* $3\frac{13}{16}$*d.*
1917	38,189,429	4*s.* $3\frac{13}{16}$*d.*
1918	36,345,045	5*s.* $3\frac{7}{16}$*d.*
1919	46,009,160	6*s.* 4*d.*
1920	49,819,885	6*s.* $9\frac{1}{2}$*d.*
1921	59,007,129	3*s.* $11\frac{7}{16}$*d.*
1922	59,359,194	3*s.* 9*d.*
1923	63,504,251	3*s.* $5\frac{3}{4}$*d.*
1924	69,595,131	3*s.* $7\frac{15}{16}$*d.*
1925	10,725,667	3*s.* $5\frac{7}{8}$*d.*
1926	78,100,000	3*s.* $1\frac{3}{8}$*d.*
1927	68,687,000	2*s.* $9\frac{13}{16}$*d.*

One of the most significant features of this period was the fluctuation in revenue collections which occurred in different parts of China and which reflected to a certain extent the trade conditions of each region. In illustration of this, the following passage may be quoted from the *Foreign Trade of China*, 1925 (the report of the Inspector General of Customs for the year 1925),[2] which compares the situation in 1925 with that existing in the previous year:

'Taking the ports of China by geographical groups and dealing only in round figures, we observe that the Manchurian ports (Aigun to Newchwang) exhibit a collective increase in the collection of Hk. Tls. 1,850,000, the largest increase, some Hk. Tls. 750,000, being shown by Dairen. The North China ports (Chinwangtao to Kiaochow) have advanced by Hk. Tls. 1,410,000, Tientsin exhibiting an increase of Hk. Tls. 1,535,000 and Kiaochow a decrease of Hk. Tls. 74,000. Again, an increase must be registered for the Upper Yangtze ports (Chungking to Yochow), taken collectively, of Hk. Tls. 17,000. This was due to Wanhsien, Shasi, and Yochow, the increased collection of which ports compensated for the falling off of Chungking and Changsha. Although Hankow declined by

[1] For the years 1916 to 1925 inclusive the figure for revenue is taken from the publication of the China Maritime Customs: *Foreign Trade of China*, 1925. Part I: *Report and Abstract of Statistics*. For 1926, the figure is taken from *The Times*, 3rd January, 1927, and for 1927 from *The Times*, 3rd January, 1928. The figures for these last two years are approximate only.

[2] Part I: *Report and Abstract of Statistics*, pp. 23–4.

Hk. Tls. 202,000 and Kiukiang by Hk. Tls. 112,000, the Lower Yangtze ports (Hankow to Chinkiang) exhibit a collective increase of Hk. Tls. 310,000, for which Wuhu is mainly responsible with an advance of Hk. Tls. 480,000, while Nanking and Chinkiang share an increase of Hk. Tls. 140,000. The central coast ports (Shanghai to Wenchow) declined by Hk. Tls. 1,476,000, the decrease of Hk. Tls. 1,524,000 in the Shanghai collection being only partly compensated for by an increase of Hk. Tls. 86,000 at Soochow and Ningpo conjointly, whilst Hangchow and Wenchow both declined. A decrease of Hk. Tls. 1,745,000 is also to be recorded for all the southern coast ports and West River ports (Santuao to Pakhoi) taken together. In this group it is interesting to note that, whilst the neighbouring ports of Foochow, Swatow, and Canton all exhibited large decreases—Hk. Tls. 785,000 in the case of Canton—the port of Amoy, where strikes were not allowed and order was more strictly maintained, shows an increase of Hk. Tls. 155,000. The southern frontier ports (Lungchow to Tengyueh) also declined collectively by Hk. Tls. 105,000, Mengtsz being responsible for a decrease of Hk. Tls. 116,000, whilst Lungchow had a record collection and advanced by some Hk. Tls. 11,000.'

At the end of 1926, the following Chinese loans were in default: [1]

(1) *Tientsin–Pukow Railway 5 per cent. Loan of 1908.* The interest on the British issue was in default from the 1st April, 1926, and only 50 per cent. of the principle due at that date had been paid at the end of the year. On the German issue, the interest was in default from the 1st October, 1924, and the principle from the 1st April, 1925.

(2) *Tienstin–Pukow Railway 5 per cent. Supplementary Loan of 1910.* The interest and principle were in default on the British issue from the 1st November, 1925, and on the German issue from the 1st November, 1924.

(3) *Canton–Kowloon Railway 5 per cent. Loan of 1907.* The interest and principle were in default from the 1st December, 1925.

(4) *Shanghai–Nanking Railway Loan.* The interest due on the 1st June, 1925, was in default.

(5) *Hukuang Railways Loan of 1911.* The interest on the British, French and American issues was in default from the 15th December, 1925, and the principle from the 15th June, 1926. On the German issue, interest was in default from the 15th December, 1925, and principle from the 15th June, 1925.

(6) *Honan Railway 5 per cent. Gold Loan of 1905.* Interest and principle were in default from the 1st July, 1926.

(7) *Lung–Tsing-u-Hai Railway Loan of 1913* (issued in Brussels). Interest was in default from the 1st January, 1926.

(8) *Chinese Government 8 per cent. Ten Year Sterling Bonds of 1918* (known as Marconi Bonds). Interest was in default from the 28th August, 1921. Redemption was due to begin in August 1924, but no repayments had been made up to the end of 1926.

(9) *Chinese Government 8 per cent. Sterling Treasury Notes of 1919* (known as Vickers Notes). Interest was in default from the 1st October, 1922. Redemption was due to begin in October 1925, but no repayments had been made up to the end of 1926.

[1] The following information has been supplied by a Member of the Institute.

β. The Vortex round Peking

(i) The Chinese Civil War: The Joint Campaign of the two Military Dictators, Chang Tso-lin and Wu P'ei-fu, against Feng Yü-hsiang in the North (1926).

Since the northern campaign of the year 1926 had a bearing on the international situation of China, a brief account must be given of these military operations and their political consequences. The present sketch is simply intended to facilitate an understanding of the international situation in China during the period affected.[1]

The narrative in the preceding volume[2] records how, in the autumn of 1924, Wu P'ei-fu was foiled in his attempt to invade Manchuria and overthrow Chang Tso-lin by the sudden defection from Wu's camp of the leader of the Kuominchün Army in the north-west, General Feng Yü-hsiang. The result of this act of treachery was that Wu sustained a crushing defeat and was thrown back into the middle Yangtse valley, while Chang not only retained his home territories in Manchuria but regained control of Shantung and Kiangsu (the province containing Shanghai). Chekiang, south of Kiangsu, remained in the hands of Sun Ch'uan-fang, at that time a supporter of Wu. Feng's share of the spoils was the occupation of Peking, which carried with it the control of the Central Government, while Fengtien (Manchurian) forces held the greater part of the metropolitan province of Chihli.

From the autumn of 1924 to the autumn of 1925 the civil war was more or less dormant, but it was requickened by the expectation that the Tariff Conference (which opened at Peking on the 26th October, 1925)[3] might bring into the treasury of the Peking Government additional revenues of a value sufficient to be worth fighting for. The first move was made by Sun Ch'uan-fang, who delivered a successful attack from Chekiang upon the Fengtien (Manchurian) forces in Kiangsu—occupying the native city of Shanghai on the 16th October, 1925,[4] and Nanking on the 20th of the same month.[5] In these circumstances Chang sought to purchase the friendly neutrality of Feng by a compact under which the Fengtien forces handed over to the Kuominchün forces the western half of Chihli Province, including the northern section of the Peking–Hankow Railway.[6]

[1] For a detailed account of the civil war in the north down to the middle of July 1926, see *China Year Book*, 1926, pp. 1022 *seqq.*

[2] *Survey for 1925*, vol. ii, Part III, Introduction.

[3] *Op. cit.*, Part III, Section (viii).

[4] *The Times*, 17th October, 1925.

[5] *Ibid.*, 21st October, 1925.

[6] *Le Temps*, 19th November, and *The Times*, 24th November, 1925.

Chang made this concession in vain. On the 27th November, 1925, one of his own generals, Kuo Sung-lin, who held a key position on the Mukden–Tientsin Railway, revolted against his master; and this revolt was only quelled by Chang on the 23rd December after a month during which his position, even in his own home territories, was exceedingly critical.[1] Simultaneously, Feng had attacked the Fengtien commander in eastern Chihli, Li Ching-lin, who had been isolated from Manchuria and thrown upon his own resources by the action of Kuo Sung-lin, and on the 24th December he succeeded in driving him out of Tientsin;[2] but this success was only achieved at the cost of heavy fighting, and it came just too late to enable Feng to avert the destruction of Kuo Sung-lin.

The territorial result of these two campaigns in Chihli was that the eastern as well as the western part of the province was left in Feng's hands, and that Chang was cut off from communication by land with Shantung, the last province south of the Great Wall which remained under his control.

On the other hand, Feng had failed to break Chang's power by his treacherous stroke as he had temporarily broken Wu's power by his similar treachery in the autumn of 1924; and his gain in territory did not offset the precariousness of the position in which he now found himself. Chang, though exhausted by the recent fighting, was hardly more exhausted than Feng; and, having escaped destruction, he was naturally thirsting for revenge. The inevitable sequel was an alliance against Feng between Chang and Wu (who was equally anxious to revenge himself upon Feng for the treachery of 1924, and who had opened the door for a *rapprochement* with Chang by refraining from participation in Sun's attack upon the Fengtien forces in Kiangsu during October).

Feng foresaw the retribution which his failure to crush Chang entailed, and at the New Year of 1926, when he was still at the high tide of success, he discreetly departed on a visit to Moscow, leaving his subordinates to bear the brunt of the coming defeat.[3] The first intimation of the gathering storm was the announcement, before the middle of January 1926, that Chang had suspended official inter-

[1] See *The Times*, 27th November, 8th December, 28th December, 1925; *The Manchester Guardian*, 4th June, 1926. For the connexion between Kuo Sung-lin's revolt and the diplomatic incident between Chang Tso-lin and the U.S.S.R. over the Chinese Eastern Railway, see *Survey for 1925*, vol. ii, Part III, Section (iii).

[2] *The Times*, 27th November, 11th, 16th, 24th, and 28th December; *The Manchester Guardian*, 28th December, 1925.

[3] *The Times*, 5th and 7th January; *The Manchester Guardian*, 8th January and 3rd April, 1926.

course with Peking pending the establishment of a stable Government (i.e. a Central Government not under Feng's but under Chang's own control).[1] On the 21st January, 1926, the joint campaign against Feng was opened by Wu from his base at Hankow, in concert with Fengtien (Manchurian) forces operating both from the Manchurian provinces and from Shantung. Under simultaneous pressure from these three quarters, the Kuominchün forces evacuated Tientsin on the 22nd March[2] and Peking between the 15th and the 19th April[3] (after a lull in the operations in which the Kuominchün leaders made an unsuccessful attempt to negotiate a separate peace with Wu),[4] and fell back north-eastward, along the Peking–Suiyuan Railway, to the Nankow Pass.[5]

It was at this juncture that the *fainéant* Central Government of China may be said to have become extinct, not only in substance but in form. On the 10th April, the Kuominchün leaders, in pursuance of their attempt to come to terms with Wu, had deposed the Chief Executive of the Peking Government, Tuan Ch'i-jui,[6] and had released ex-President Ts'ao K'un, who had been in confinement since the beginning of November 1924.[7] Tuan resumed office on the 18th April,[8] after the Kuominchün had abandoned control of Peking; but on the 20th he retired to Tientsin[9]—presumably under compulsion from Chang and Wu—and left a complete interregnum behind him. The metropolitan area remained under the military occupation of the two temporarily allied dictators, Chang and Wu, the capital itself being garrisoned by Fengtien troops. It has been mentioned elsewhere [10] that this interregnum did not interrupt the diplomatic activities of the Wai-chiao Pu.

It was evident from the outset that the alliance between Chang and Wu would not outlast the elimination of the Kuominchün; but the evacuation of Peking had not disposed of the Kuominchün Army as a military factor. The North-Western provinces were still under its

[1] *The Times*, 13th January, 1926.
[2] *Ibid.*, 22nd and 23rd March, 1926.
[3] *Ibid.*, 19th April, 1926.
[4] On the 6th April, 1926, the Diplomatic Corps protested to the Peking Government against the air-raids which were being made upon Peking by Wu's forces (*The Times*, 7th April, 1926). For the overtures of the Kuominchün to Wu and the *coup d'état* of the 12th April, which was intended to facilitate them, see *ibid.*, 12th and 16th April, 1926.
[5] *Ibid.*, 16th April, 1926.
[6] For the installation of Tuan Ch'i-jui on the 22nd November, 1924, see *Survey for 1925*, vol. ii, Part III, Introduction.
[7] *Op. cit., loc. cit.*
[8] *The Times*, 19th April, 1926.
[9] *Ibid.*, 22nd April, 1926.
[10] See the Introduction to this part, p. 233 above. See also Section β (iv) below.

control; its communications with Soviet Russia, across the nominally independent Socialist Soviet Republic of Outer Mongolia,[1] were still open; and the strong position which it held at the Nankow Pass was less than twenty-five miles from the Chinese capital. Towards the end of May, the Kuominchün forces gave evidence of their continued vitality[2] by a sudden thrust in the direction of Peking;[3] and on the 28th June a conference at Peking, long heralded and long delayed, between Chang and Wu at length took place.[4] As a result of this meeting, a fresh joint offensive against the Kuominchün was opened on the 10th July.[5] The first attack on the Nankow Pass was abortive, but in August the offensive was renewed with success. On the 14th August the Fengtien forces captured the Nankow Pass, and on the 17th Kalgan.[6] Once again, however, the Kuominchün forces succeeded in withdrawing intact—this time to P'ingtich'üan at the northern extremity of Shansi—and in keeping open their communications with the North-West Provinces and with Soviet Russia. Meanwhile the whole military situation had been transformed by the success of the Kuomintang (Cantonese Nationalist) Government's Northern Expedition against Wu P'ei-fu[7]—a success which began to declare itself in July 1926, almost at the moment when Wu and Chang launched their joint offensive against the Kuominchün. The breach between Wu and Chang, which would normally have followed the driving of their common enemy the Kuominchün beyond range of Peking, was thus anticipated by the overthrow of Wu at the hands of the Kuomintang. In September Feng started home from Moscow to take advantage of the tide now once more flowing in his favour, and in October he reappeared at Paotu, the railhead of the Peking–Kalgan–Suiyuan line, and reassumed the command of the Kuominchün Army, as a professed disciple of Sun Yat-sen and adherent of the victorious Kuomintang.[8] While the southern campaign of the civil war developed, Feng advanced southwards through the province of Shensi, where he became involved in a local campaign against certain outlying forces of Wu P'ei-fu.[9] His apparent intention was to join hands with the Kuomintang (his formal enrolment as a member of the party had been announced on the 28th August, 1926); but his

[1] For the situation in Outer Mongolia see *Survey for 1920–3*, Part VI, Section (i).

[2] See an account by Colonel L'Estrange Malone of a visit to the Kuominchün headquarters at Kalgan, in *The Manchester Guardian*, 4th June, 1926.

[3] *The Times*, 1st June, 1926.

[4] *Ibid.*, 29th June, 1926.

[5] *Ibid.*, 12th July, 1926.

[6] *Ibid.*, 18th August, 1926.

[7] See Section (δ) (x) below.

[8] *The Times*, 14th September and 27th October, 1926.

[9] See Section (δ) (x) below.

activities remained singularly ineffective as far as the campaign in the Yangtse Basin was concerned. Possibly his inactivity was simply due to the difficulty of supplying himself with munitions over his lengthening line of communications; possibly the hand ostensibly held out to the Kuomintang was deliberately held back until some more inviting opportunity of intervention to his own profit should arise.

(β) (ii) The Taku Forts Incident.

The first phase of the joint campaign conducted by Chang Tso-lin and Wu P'ei-fu against the Kuominchün Army, in the Chinese Civil War,[1] involved the Chinese Central Government at Peking, at that time on the point of expiring, in trouble with the diplomatic representatives of the Foreign Powers.

'On the 9th March, in consequence of the operations round Tientsin, foreign shipping was fired on by the Taku Forts and mines were reported to have been laid at the entrance to the harbour. On the 10th March, the diplomatic body filed a protest with the Chinese Government,[2] pointing out that communications between Peking and the sea were entirely interrupted, which constituted a violation of the Protocol of 1901. They reserved the right to take action themselves in order to maintain their rights under the Protocol. Similar notifications were conveyed to the respective headquarters of the various Chinese forces engaged in hostilities at the entrance to Tientsin harbour. On the 12th March, two Japanese destroyers were fired on by the Taku Forts.[3]

'As unsatisfactory conditions continued, a note, amounting to an ultimatum, was addressed to the Chinese Government and to the rival commanders on the 16th March as follows:

> In order to maintain the rights of international commerce, and also in particular the right of free access to the sea from the capital, as provided in the Boxer Protocol, the Powers concerned demand, first, that all hostilities in the channel from the Taku Bar to Tientsin be discontinued; secondly, that all mines and other obstructions be removed; thirdly, that all navigation signals be restored and not interfered with in the future; fourthly, that all combatant vessels remain outside the Taku Bar and refrain from interference with foreign shipping; and

[1] See the preceding section.

[2] *The Times*, 11th March, 1926.

[3] *Ibid.*, 13th, 15th, and 16th March, 1926; *The New York Times*, 14th and 16th March; *Le Temps*, 16th March. The Japanese destroyers were flying the Japanese flag, and their intention to proceed up the river Peiho had been notified in advance to the Kuominchün commanders on the spot. Three Japanese were wounded, and one of them was reported to have died of his wounds.

fifthly, that all searches of foreign vessels, except by the customs authorities, be discontinued.

'The Chinese were given up to the 18th March to make a satisfactory reply.[1] By the morning of the 18th, the commanders of the rival Chinese forces had both promised to comply with the demands, the commander of the Taku Forts agreeing generally to the five points of the ultimatum, but proposing in regard to point 5 to substitute a system of inspection by river police in conjunction with the customs.

'The Chinese Government at the same time sent a conciliatory reply to the Powers' note.[2] It was so conciliatory that the extremists in Peking adopted the established method of organizing a students' demonstration on the 18th March to protest against it. The students tried to rush the Cabinet offices but were stopped by fire from the troops. About forty were killed and about eighty wounded.[3]

'On the 17th March, Manchurian warships had intercepted a Russian steamer, *Oleg*, from Vladivostok, stated to have on board about £300,000's worth of rifles and ammunition. It was mainly the presence of this steamer which had caused the activities round Tientsin harbour. Its failure to arrive was probably the last blow to the hopes of the Kuominchün.

'On the 19th March a Government mandate was issued, ordering the arrest of five alleged Communist leaders (most of them connected with Peking University) as being responsible for the students' riots.

'On the 20th March the Cabinet (Premier, Chia Teh-yao) resigned in consequence of a telegram from Feng Yü-hsiang, blaming the Premier for having failed to maintain order without firing on the students' demonstration. On the 22nd March the Kuominchün forces retreated from Tientsin.'

(β) (iii) The Proceedings of the Extra-Territoriality Commission.[4]

Extra-territoriality—at any rate in the form in which it existed in China at this time—was not one of the indigenous institutions of the Far East, but had been introduced there less than a century before

[1] On the same day (16th March) the British Prime Minister, in reply to a question in the House of Commons, stated that His Majesty's Minister at Peking had been instructed to take no action except in cooperation with the other Treaty Powers, and also that armed forces were only to be used in the last resort to safeguard the security of foreigners in the areas affected.

[2] *The Times*, 20th March, 1926.

[3] *The Times, loc. cit.*, and *Le Temps*, 20th and 21st March, 1926.

[4] See *Report of the Commission on Extra-Territoriality in China* (British Parliamentary Paper *Cmd.* 2774† of 1926, issued in substitution of the paper with the same command number previously issued, which was incomplete).

the session of the Extra-Territoriality Commission at Peking in 1926. Its introduction, moreover, had been abrupt and one-sided. It had been effected by the initiative of the Western Powers, who regarded it as a necessary condition of the commercial intercourse which they had succeeded in establishing with Far Eastern countries—for the most part against the inclinations of the Far Eastern Governments concerned. The system of extra-territoriality thus imposed in the Far East by the Western Powers was taken, ready-made, from the Levant, where Western trade with non-Western peoples under the aegis of this system had had a long history.[1] In fact, in its original Levantine environment, extra-territoriality of this pattern had been a local survival, under exceptional conditions and in a specially developed form, of that *ius sanguinis* which had always contested the claims of *ius soli* in the Ancient Mediterranean World, and which had gained ground during the anarchy which followed the break-up of the Roman Empire. The special adaptation of *ius sanguinis* which developed into the system of extra-territoriality dated back to the 'unequal treaties' imposed by Venice, Genoa and other North Italian Sea-Powers of the day upon the Byzantine Empire (the predecessor of the Ottoman Empire) and upon the newly founded principalities of the Crusaders *outre mer* towards the end of the eleventh century after Christ.[2] Thus, by the time when extra-territoriality was introduced abruptly into the Far East, it had already passed, in the Levant, through an evolution of seven and a half centuries.[3]

Again, in the comparatively short history of extra-territoriality in the Far East, there had been a striking contrast between the courses of events in China and in Japan. In China, the institution had been first introduced, in the Anglo-Chinese peace treaty signed at Nanking

[1] See, for example, a dispatch dated the 22nd June, 1844, from the American Minister at Peking, Mr. Cushing, to the American Consul at Canton, Mr. Forbes, in which the system of extra-territoriality established in the Levant is expressly cited as a precedent for future relations between foreigners and natives in China (quoted by H. B. Morse, *The International Relations of the Chinese Empire*, vol. i, p. 329).

[2] For the liquidation of the system of extra-territoriality in its original home, and particularly in the Turkish Republic and the other successor states of the Ottoman Empire, see *H. P. C.*, vol. vi, Ch. I, Part II, and *Survey for 1925*, vol. i.

[3] It should be mentioned that the general principle of *ius sanguinis* was not alien to China, and that its influence may be traced in the policy of the Imperial Government towards the aboriginal tribes in the South-West—a policy which, of course, had no connexion with any precedents from Levantine practice as introduced into China by the Western nations. It should be added that the rudiments of extra-territoriality (in this case, on terms of reciprocity), in the form of the mutual extradition of criminals, may be discovered in the

on the 29th August, 1842, as a consequence of the defeat of China in a war with a Western Power; and the system had not only been extended to the relations between China and other Western Powers (particularly the United States and France), and been confirmed and reinforced in its provisions, by a succession of treaties dating from 1843 to 1860, but had steadily increased its hold upon China from its first introduction onwards. This steady increase in the hold of the system upon China had been due to two distinct though not unrelated causes. In the first place, under the aegis of extra-territoriality, foreign trading communities, and foreign enterprises and interests, had not only taken root on Chinese soil but had grown in stature until they came to dominate the economic life of China itself and to play an important part in the economic life of the world at large. The most imposing monument of this growth was the International Settlement at Shanghai, which ranked as one of the principal ports in the world at the time when the British Government dispatched the British 'Shanghai Defence Force' in 1927.[1] The other reason why the hold of extra-territoriality upon China had increased was that, from the signature of the Nanking Treaty in 1842 down to the Washington Conference of 1921–2,[2] the initiative in the relations between China and foreign Powers had more and more passed out of Chinese hands. The history of extra-territoriality in Japan had taken a different course because the Japanese Government had never lost the initiative to the same degree. The Americo-Japanese Treaty signed at Kanagawa on the 31st March, 1854, which made the first breach in Japan's long maintained policy of isolation, was not elicited by the extreme coercive measure of war; and the Americo-Japanese treaty signed at Yedo on the 29th July, 1858, the first of a series which contained provisions for extra-territoriality on the same lines as those which appeared in the contemporary treaties signed by China, was followed within a decade by the Japanese Revolution of 1867–9. The interval between the introduction of extra-territoriality and the Revolution was thus nearly sixty years shorter in Japan than in China; and moreover, in Japan, when the Revolution came, it was conducted 'from above downwards' and was therefore rapid and

Sino-Russian treaties of 1689 and 1727 (see Morse, *op. cit.*, vol. i, pp. 59–62). Nevertheless, the general principle of *ius sanguinis* is not the same thing as the special adaptation technically known as extra-territoriality; and the fact that this adaptation, which had evolved gradually in the Levant, was introduced suddenly into the Far East, was a fact which produced psychological results of some historical importance.

[1] See Section (δ) (xii) (*f*) below.

[2] For an account of the Washington Conference see *Survey for 1920–3*, Part VI, Section (iv).

orderly, whereas the Revolution which began in China in 1911 was conducted 'from below upwards' and was correspondingly chaotic and long-drawn-out. The xenophobia, and its expression in assaults upon foreigners, which resulted from the introduction of extra-territoriality, was as violent, in its time, in Japan as in China; but in Japan this reaction discharged itself more quickly. It declared itself at once, during the years 1858–67, since the Japanese, not having experienced any signal defeat at Western hands, were not overawed by the West, whereas in China the military and diplomatic prestige of the West, during the period between the Anglo-Chinese War of 1839–42 and the General War of 1914–18, was so strong that, except for occasional outbreaks, the resentment aroused by extra-territoriality was repressed and no sustained attempt was made, until after the War of 1914–18, to get rid of this institution by resorting to force. Thus in 1926 the extra-territoriality question in China had not passed beyond the phase through which it had passed, in Japan, during the years 1858–67. In the meantime, after the Revolution of 1867–9, the Japanese had solved the problem, in so far as they were concerned, by reorganizing their national life—including the constitution, the laws, the judicial system, the prison system, and, above all, the practical administration of justice—to such good effect that the Powers possessing rights of extra-territoriality in Japan had voluntarily surrendered those rights because they had become demonstrably unnecessary and therefore no longer defensible in equity.

The example of Japan was not without effect upon China (where Japan had acquired prestige through the deep and painful impression produced by her victory in the Sino-Japanese War of 1894–5). 'Towards the end of the Ch'ing Dynasty a reform movement sprang up in China, having as its object a revision of the then existing legal and judicial systems. The immediate cause of this movement was the promise, made by Great Britain in 1902 and by the United States and Japan in 1903, to surrender their extra-territorial rights when the state of the Chinese laws, the arrangements for their administration, and other considerations warranted them in so doing. As a result, the Imperial Law Codification Commission (Hsien Ching Pien Ch'a Kuan) was established and drafts of Criminal, Commercial, and Procedural (Civil and Criminal) Codes were prepared. The new Criminal Code prepared by this commission was promulgated in 1909. A new system of courts was established under two laws known respectively as the "Provisional Regulations of the High Courts and the Subordinate Courts" and the "Law of the Organization of the

Judiciary", the first having been promulgated in 1907 and the latter in 1909. After the establishment of the Republic, the regulations concerning the commission were twice amended and it was renamed "'The revised Law Codification Commission" (Hsiu Ting Fa Lu Kuan), which was charged with the task of completing the work left over from the Ch'ing Dynasty.'[1] The Extra-Territoriality Commission of 1926, which investigated not only the existing practice of extra-territoriality in China but also the Chinese laws and judicial and prison systems and the Chinese administration of justice, observed that Chinese efforts, since the years 1902–3, had 'resulted in the formation of a system of modern courts with their procedure (civil and criminal) and of a body of substantive law'; and 'with the general principles of these' they declared themselves satisfied.[2] On the other hand, they pointed out that, however sound in principle, those reforms did not, even on paper, cover more than a small part of the ground; and that progress had not only been delayed but had been gravely jeopardised in many ways, and at some points actually set back, by the civil war which had followed the Revolution; and when they passed 'from the theoretical standpoint' and examined 'the actual manner in which Chinese laws and judicial systems were in fact being administered' by the officials charged with that responsibility',[3] they found still more striking evidence of the shortcomings arising from the same two causes, particularly from the civil war.

'Among the many serious consequences resulting from this disorganization there are a number which have an important bearing upon the administration of justice. In the first place, the reins of government have fallen into the hands of the military leaders, who, by virtue of their powerful position, can assume at will administrative, legislative, and judicial functions, thus tending to obliterate the lines of demarcation between the executive, legislative, and judicial branches of government. In the second place, the Government Treasury has been depleted to such an extent that funds are at times lacking with which to pay the judicial and police officials. In the third place, the uniformity of the legal and judicial systems is being impaired because of the independent laws and courts established in areas which do not recognize the Central Government. In the fourth place, the extension and perfection of the new legal and judicial systems are being retarded.'[4]

In their investigation of the laws, they were struck by 'the absence of fundamental legal provisions', and they attributed this defect

[1] *Cmd.* 2774 of 1926, p. 26.
[2] *Ibid.*, p. 47.
[3] *Ibid.*, p. 80.
[4] *Ibid.*, p. 81.

likewise to the civil war, which, since 1924, had 'resulted in the discarding of the Constitution and the weakening of the authority of the Central Government'.[1] They also noted anomalies of legislation and matters unprovided for by law,[2] and they made the following specific comments:

1. Lack of a constitutional or other stable basis for the laws, and of some provision for their reasonable permanency.
2. The second revised draft of the Penal Code [unpromulgated] contains a more satisfactory system of criminal law than the provisional Criminal Code.
3. The Police Offences Law and the large powers which it confers upon the police.
4. The importance of military law resulting from continual and widespread civil warfare.
5. The drastic provisions of the law relating to Robbery, Insurgency, and Brigandage.
6. The power of the police and magistrates to punish those who refuse to heed their warnings against the repetition of certain acts.
7. The delegation of authority to make subsidiary regulations carrying penal provisions which are in some instances executed by administrative authorities.
8. The great power given to the authorities to arrest in minor cases; lack of sufficiently liberal bail provisions; denial of appeal in minor criminal cases; and the sentencing of accused by order.
9. Insufficient provisions concerning evidence in both civil and criminal cases.
10. Drastic provisions of the military and naval procedure codes.
11. Special provisions of the Law Governing Magistrates' Courts.
12. Conditions arising from the exercise by certain police officials of powers of investigation co-extensive with those of a procurator.
13. Practice of using general legal principles as a guide in place of law.
14. Lack of general provision (in the absence of a complete system of law) for the general recognition of the decisions of the Supreme Court by the lower courts.

[1] *Ibid.*, p. 47.

[2] As examples of such matters they submitted the following (*Cmd.* 2774 of 1926, p. 49):

(*a*) Matters usually dealt with in a Civil Code, such as general principles, obligations, things, family, and inheritance.
(*b*) Matters usually dealt with in a Commercial Code, such as negotiable instruments, banking, maritime matters and insurance.
(*c*) Bankruptcy.
(*d*) Patents.
(*e*) Practice of pharmacy and medicine.
(*f*) Registration of vital statistics.
(*g*) Lunacy.
(*h*) Cadastral registration of land.
(*i*) Notaries public.
(*j*) Expropriation of land.

15. Detention of civil defendants and civil judgement debtors by magistrates' courts and the modern courts.

16. Importance to foreigners of the law relating to Procedure in Cases Involving Non-Extra-territorial Nationals and the rules for the Application of Foreign Laws.

17. Condition arising from the declarations by military commanders purporting to be declarations of martial law.[1]

In regard to the new judicial system, the Commission observed (as in the case of the new legal system) that 'in the main, as originally planned', it was 'modelled upon Continental European and Japanese lines and in its conception quite satisfactory. Since the institution of the system, however, a number of changes have been made which have somewhat tended to obliterate the well-defined lines of separation between administrative and judicial functions and between jurisdiction of the courts of first instance and appellate courts'.[2] As illustrations they noted the control of the judiciary and discharge of judicial functions by administrative officials; the overlapping of jurisdiction; the admitted unsatisfactoriness of the magistrates' courts surviving from the old régime, within whose jurisdiction by far the larger proportion of litigation in China still fell;[3] the unsatisfactoriness of the transition courts and judicial offices; the excessive powers of the naval and military courts and of the police tribunals (there was no appeal against an act of any police authority except to a superior administrative authority and to the administrative court under the administrative procedure);[4] and the fact that appeal on petition to the single administrative court, located at Peking, was the only recourse against the illegal administrative acts of any officials, from the police upwards.

In the actual administration of justice, the Commission illustrated the interference of the military authorities by citing eleven cases of arbitrary action (in at least seven of which life was taken) which happened to occur in 1926 while the Commission was sitting at Peking.[5] They also commented upon the lack of universal application of the laws of China; upon the 'attitude of illiberality' exhibited by the Chinese judicial officials in their practical application of the provisions of the Chinese law (themselves in the main acceptable) with respect to the granting of bail; and upon the fact that torture of prisoners and illegal methods of execution were still being prac-

[1] *Cmd.* 2774 of 1926, p. 50. [2] *Ibid.*, p. 74.

[3] For an account of the magistrates' courts see *ibid.*, pp. 34, 40, 63–4, 75, and 91.

[4] For the police and their powers see *ibid.*, pp. 30, 68, 76, and 91.

[5] *Ibid.*, pp. 81–7.

tised (though 'largely in the interior and more remote parts of the country', and this by the military, the magistrates, and the police, but, in no reported instance, by the modern courts).

In 1926 there were still only 139 modern courts[1] in China, and only 91 of these were courts of first instance, which meant that there was only one such court for every 4,400,000 of the population; that most of the litigation in China was still in the hands of the district magistrates' courts; and that, even in the case of these old-fashioned courts, there was only one court for approximately every 300,000 people.[2] Moreover, the number of trained judicial officials was insufficient to staff properly even the existing modern courts. The Commission was favourably impressed with the standard of training of the new-model judicial officials, but unfavourably with the salaries paid to them, and in general with the inadequacy of the financial support for the judiciary, which in 1926 was derived, in the provinces, almost entirely from the court fees and from such grants as the judicial officials might be able to obtain from the provincial authorities.[3]

In 1926 there were 74 modern prisons in China;[4] and 'in the main' the Commission 'found conditions in those prisons visited, which were constructed along modern lines, to be not unsatisfactory'.[5] It was understood that the prisons of the older type, with some modern improvements, numbered 1,622.

While the Chinese administration of justice had been developing, under the handicaps indicated above, between the years 1902 and 1926, the system under which foreigners possessing extra-territorial rights were still exempted from ordinary Chinese jurisdiction had also developed, since its introduction into China in 1843, along lines closely parallel to the lines of development of extra-territoriality in the Levant, and with similar consequences. The general trend of development was thus described by the Chinese member of the Extra-Territoriality Commission in a memorandum dated the 26th April, 1926:

> It seems to have often been overlooked that consular jurisdiction and the rights and privileges of foreigners in China were granted at a time when such grant did not have the importance which it now assumes. In those early days of formal intercourse, the number of ports open to foreign trade and residence were few, and the size of the foreign population comparatively insignificant. But in the space of three-quarters of

[1] For an account of these modern courts and the officials employed in them see *ibid.*, pp. 54–61 and 69–74.

[2] *Ibid.*, p. 89.

[3] *Ibid.*, p. 90.

[4] *Ibid.*, p. 92; list, showing location and capacity, on pp. 122–3.

[5] *Ibid.*, p. 92; see also pp. 77–9.

a century many more ports have been opened, whilst the size of the foreign population in China has greatly increased. In these circumstances the Chinese Government is increasingly embarrassed by the presence within its territory of so many residents who are not subject to its laws and jurisdiction.[1]

It was also true, as the Chinese Commissioner submitted in the same document and in a previous memorandum of the 23rd March,[2] that the practice of extra-territoriality involved not merely consular jurisdiction but other privileges such as a 'quasi right of asylum' in premises occupied by foreigners and on foreign ships (a corollary of the fact that such premises and ships might not be searched by the Chinese authorities without previous applications to the consul of the foreigner concerned); or again the issue of foreign nationality certificates to Chinese citizens by foreign diplomatic and consular authorities; or the exemption, in large measure, of foreign residents in China from Chinese taxation. In the matter of jurisdiction the Commission, in its report, made observations upon certain anomalies and drawbacks arising from the multiplicity of courts and diversity of laws and from the inaccessibility of the courts—especially under the procedure in appeals from the judgements of the foreign courts, which, 'under most of the systems of extra-territoriality in operation in China, must be taken to courts beyond the territorial limits of China', a requirement which was 'obviously unfair for Chinese litigants and sometimes inconvenient for foreigners'[3]. The Commission also noted that the immunity of foreigners from the operation of Chinese regulations, including those relating to taxation, resulted in 'an anomalous situation' which had been 'a source of friction between (foreigners) and the Chinese authorities'. They likewise noted the abuses arising from the irregular protection of Chinese by extra-territorial Powers and from the inviolability of foreign premises.[4] At the same time they drew attention to that restriction upon travel, trade, and residence which was the price still paid by foreigners in China for extra-territorial privileges—a handicap to foreign trade which was becoming more serious with the increasing tendency of business to take the form of wholesale production for mass markets at low costs and with narrow margins of profit.

It has long been the policy of China, which was confirmed by the Chinese delegation at the Washington Conference, that until the system of extra-territoriality is abolished or substantially modified, it is inexpedient for China to open its entire territory to foreign trade and

[1] Printed in British Parliamentary Paper *Cmd.* 2797 of 1927 (pp. 14–15).
[2] Text in *Cmd.* 2797 of 1927.
[3] *Cmd.* 2774 of 1926, pp. 21 *seqq.*
[4] *Ibid.*, pp. 22–4.

commerce. Accordingly, therefore, foreigners, with the exception of missionaries and those engaged in philanthropic work, are not entitled to unrestricted travel, trade, and residence in all parts of China. Their activities are generally confined to special places called 'Treaty' or 'Open Ports', and in most instances to special areas in these ports.[1]

The circumstances in which the system of extra-territoriality had originally been introduced into the Far East were fraught with possibilities of misunderstanding, since the Far Eastern peoples inevitably regarded the system as an innovation to be got rid of at the earliest opportunity, while the foreigners who had settled in the Far East and invested their capital there on the footing of extra-territoriality likewise inevitably took the perpetual maintenance of the system for granted. Nevertheless the Japanese Government, as has been mentioned above, had succeeded in obtaining a voluntary renunciation of extra-territoriality in Japan on the part of the Powers concerned; and in the case of China the Governments of the principal Powers possessing extra-territorial rights (though not, perhaps, the majority of their nationals resident in China) had favourably envisaged the possibility of a similar solution. The conditional assurances embodied in the Sino-British, Sino-American, and Sino-Japanese treaties of 1902–3[2] had been endorsed, at the Washington Conference of 1921–2, in the preamble to a resolution of the 10th December, 1921, in which eight Powers had agreed with China to take certain steps, beginning with the setting up of a Commission, with a view to the ultimate relinquishment of their existing extra-territorial rights in China. At the inaugural meeting of the Commission at Peking on the 12th January, 1926, the Japanese representative declared that 'the régime was introduced into this country simply as a *modus vivendi* to aid in establishing harmonious relations between China and other countries',[3] and the Commission as a whole eventually incorporated this declaration in its report.[4] There was thus no conflict of principle between the parties concerned; but acute disagreement arose over the practical question of putting the agreed principle into execution. In the case of Japan this difficulty had not arisen, because the progressive achievement of Japanese judicial reform had kept pace with the growth of the Japanese people's impatience to see extra-territoriality abolished. In China, unfor-

[1] *Ibid.*, p. 24.

[2] In the Sino-Swedish Treaty of 1908, also, it had been agreed that 'as soon as all other Treaty Powers have agreed to relinquish their extra-territorial rights, Sweden will also be prepared to do so' (Art. 10).

[3] Passage quoted by the Chinese Commissioner in his memorandum of the 26th April, 1926 (*Cmd.* 2797 of 1927, p. 14).

[4] *Cmd.* 2774 of 1926, p. 21.

tunately, the growth of impatience became accelerated at a moment when the civil war was beginning not merely to retard the achievement of Chinese judicial reform but even to undo some of the results already accomplished. The Chinese civil war broke out in the spring of 1922,[1] a few months after the Washington Conference had passed its resolution afore-mentioned. Meanwhile, Chinese impatience had been increased, partly by that general wave of unrest, and that accentuation of national self-consciousness, which had been induced all over the world by the Great War; partly by the terms of the European Peace Treaties, in which the Principal Allied Powers had been betrayed by their vindictiveness against their late opponents into the diplomatic error (as it appeared in retrospect) of depriving Germany, Austria, and Hungary of their extra-territorial privileges in China (thereby making the implicit admission that there might be circumstances in which it was legitimate to 'slay the Lord's Anointed', and so creating a precedent which the Chinese afterwards used against them, when the opportune moment arrived). Not least, the collapse of the Russian Empire, which made it possible for China to repudiate her treaty servitudes to Russia with impunity in 1919 and 1920, and the voluntary renunciation of extra-territoriality by the U.S.S.R. in the Sino-Soviet treaty of 1924,[2] stimulated the impatience of the Chinese to make an end of extra-territoriality altogether. Thus, by the date when the Extra-Territoriality Commission eventually met, there was a great gulf fixed between the urgency of the Chinese desire for immediate abolition and the determination of the Treaty Powers not to renounce those rights which they had admitted to be a temporary *modus vivendi* 'until the evolution of the laws and legal conceptions of China should render this *modus vivendi* unnecessary'[3] —a consummation which the increasing chaos of the civil war seemed to be relegating to an ever more distant future.

It remains to describe briefly the genesis of the Extra-Territoriality Commission and its proceedings. The Washington Conference resolution of the 10th December, 1921, to which reference has been made already, provided that the parties should

> establish a Commission (to which each of such Governments shall appoint one member) to inquire into the present practice of extra-territorial jurisdiction in China, and into the laws and judicial system and the methods of judicial administration in China, with a view to reporting to the Governments of the several Powers above-named their

[1] See *Survey for 1925*, vol. ii, Part III, Introduction.

[2] For these Sino-Russian relations see *Survey for 1925*, vol. ii, Part III, Section (ii).

[3] *Cmd.* 2774 of 1926, p. 21.

findings of fact in regard to these matters, and their recommendations as to such means as they may find suitable to improve existing conditions of the administration of justice in China, and to assist and further the efforts of the Chinese Government to effect such legislation and judicial reforms as would warrant the several Powers in relinquishing either progressively or otherwise their respective rights of extra-territoriality.[1]

It was further provided that the Commission should be constituted within three months after the adjournment of the Conference. In May 1922, the Peking Government requested (apparently in view of the rather rapid turn for the worse which had just been taking place in the internal situation of China) that the meeting of the Commission should be postponed till the autumn of 1923. The date suggested was the 1st November, but in May 1923 a further postponement was requested—this time on the initiative of the representatives at Peking of the Foreign Powers concerned. Later in the year 1923 the American Government proposed the 1st November, 1924. Eventually the date for the convening of the Commission was fixed for the 18th December, 1925; and even then 'the interruption of the railway service in consequence of civil war in China', which 'prevented some of the Commissioners from reaching Peking by that date', delayed the actual opening until the 12th January, 1926.[2]

There were represented on the Commission not only China and the eight other parties to the resolution of the 10th December, 1921—namely the United States, Belgium, the British Empire, France, Italy, Japan, the Netherlands and Portugal—but also four other Treaty Powers: Denmark, Norway, Spain and Sweden. It may be noted that the respective stakes of the several Treaty Powers in the institution of extra-territoriality were far from equal. Of the total number of extra-territorial nationals, 98·4 per cent. were Japanese, British, American, Portuguese and French, the remaining nationals of the other Powers totalling only 1·6 per cent. Again, of the nationals of the five extra-territorial Powers mentioned by name above, 87·4 per cent. were Japanese (the larger part of whom were in Manchuria), 6 per cent. were British, 3·8 per cent. were American, 1·4 per cent.

[1] See *Survey for 1920–3*, p. 481. The full text of the resolution is printed in *Cmd.* 2774 of 1926, pp. 7–8, as well as among the papers of the Washington Conference.

[2] *Cmd.* 2774 of 1926, p. 8. It will be noted that the causes of the postponement of the Extra-Territoriality Commission and of the Tariff Conference were not the same. The Tariff Conference was postponed owing to the delay in the coming into force of the Washington Treaties (see *Survey for 1920–3*, pp. 482–3; *Survey for 1925*, vol. ii, Part III, Section (viii)). This did not affect the Extra-Territoriality Commission, which had been provided for, not in a treaty which required ratification, but in a simple resolution.

were Portuguese, and 1·2 per cent. were French.[1] It may be noted further that, a few days after the Extra-Territoriality Commission had started work in Peking, the Japanese Minister for Foreign Affairs, Baron Shidehara, stated, in reply to interpellations in the Lower House, that Japan intended to take steps to establish her commercial rights in Manchuria on a permanent basis if the Commission raised the question of Japanese rights in Manchuria.

'The Commission met in full session twenty-one times, the last session having been held on the 16th September, 1926. At these sessions the principal work before the Commission, prior to the consideration of the report, was the examination of Chinese codes and laws and the various problems arising out of the exercise of extra-territorial jurisdiction in China.

'A travelling committee, charged with the duty of examining the courts, prisons, and detention houses in the provinces, and, generally, the working of the Chinese judicial system, carried out a tour of investigation which lasted from the 10th May to the 16th June.[2] The original programme of travel contemplated by the Commission had to be considerably curtailed, as the Chinese authorities at Canton formally declined to receive the travelling committee on the ground that extra-territoriality should be immediately abolished without investigation, and certain other parts of China, such as Taiyuanfu, Kalgan, Kweihua, Paotao and Ninghsia, were inaccessible on account of disturbed political conditions and the difficulty of making transport arrangements.'[3]

The work of the travelling committee was further restricted by the refusal of the Chinese authorities to allow them to inspect the district magistrates' courts (on the ground that it was on the basis of the new system of law courts and prisons that China proposed to discuss the

[1] *Cmd.* 2774 of 1926, p. 25, quoting *The Foreign Trade of China* (a publication of the China Maritime Customs, 1925). The figures were as follows:

Nationality.	*Persons.*	*Firms.*
American	9,844	482
British	15,247	718
French	2,576	176
Japanese	218,351	4,708
Portuguese	3,739	174
Others	3,849	215
	253,606	6,473

According to the statistics given by the Japanese representatives on the Extra-Territoriality Commission, the total number of Japanese nationals in China in 1924 was 1,032,716, which number included 800,000 Koreans and 7,963 Formosans.

[2] For the actual itinerary of the Committee see *Cmd.* 2774 of 1926, pp. 129–30.

[3] *Ibid.*, pp. 10–11.

question of the abolition of extra-territoriality) or again the police courts and detention houses (on the ground that these were under the control of the Ministry of the Interior, not of the Ministry of Justice, and therefore did not come within the scope of the committee's inquiry).[1]

In a memorandum of the 23rd March, the Chinese Commissioner submitted the following matters for the consideration of the Commission:[2]

1. Consular jurisdiction;
2. Trial of mixed cases between Chinese and foreigners having extra-territorial rights;
3. Trial of cases between foreigners having extra-territorial rights and
   (*a*) Foreigners having no extra-territorial rights;
   (*b*) Foreigners of countries having no treaty relations with China;
4. Mixed Courts;
5. Quasi right of asylum in premises occupied by foreigners and on foreign ships;
6. Issue of foreign nationality certificates to Chinese citizens;
7. Claim of foreigners to exemption from taxation;
8. Special areas:
   (*a*) Foreign settlements.
   (*b*) Leased territories.
   (*c*) Legation Quarter at Peking.
   (*d*) Railway zones.

'After some discussion at a subsequent meeting it was unanimously decided that items 1 to 4 should be included in the investigation. As regards the remaining subjects 5 to 8, the opinion of the commission was not unanimous. With the exception of one or two of its members, the idea of the commission was that items 5 to 7 might form the subject of investigation, but the majority of the commissioners appeared to regard item 8 as beyond the scope of the inquiry.'[3]

'At this subsequent meeting the Chinese Commissioner asked leave to bring forward supplementary observations on any of the eight subjects listed in his memorandum'; and on the 28th April, 1926, he presented a second memorandum to the Commission, in which he dealt at greater length with Points 5 to 8, after the following prefatory remarks:

> Objection has been taken to the inclusion of items 5 to 8 because they are of a political or diplomatic, and not of a juridical, character, and should therefore be discussed by diplomatic means. In the opinion of the Chinese commissioner, the very subject now under discussion, namely, extra-territorial jurisdiction, is, in the nature of things, of a politico-juridical character. A hard-and-fast distinction between these

[1] *Ibid.*, p. 126.
[2] *Cmd.* 2797 of 1927, pp. 4–5.
[3] *Cmd.* 2797 of 1927, p. 11; see also *Cmd.* 2774 of 1926, p. 26.

two aspects is not easy to maintain, and an undue insistence upon either of these aspects to the exclusion of the other would leave many of the problems connected with extra-territoriality unsolved. In view of the fact that the report and recommendations of this commission are not binding upon any of the Governments concerned, it is submitted that an impartial study of the different aspects of the problem before the commission would materially assist the respective Governments in readjusting their treaty relations with China.

After reporting in detail on those facts which they held to be within their terms of reference, the Commission submitted a number of recommendations[1] for the remedy of defects which they had observed both in the existing Chinese laws, judicial and prison systems, and administration of justice, and in the existing practice of extra-territoriality in China. They recommended that the reforms in the practice of extra-territoriality should be put in hand immediately—the most important suggestions under this head being that the Powers concerned should administer, as far as practicable, in their extra-territorial or consular courts, such laws and regulations of China as they might deem it proper to adopt; and that, pending the abolition of extra-territoriality, the nationals of the Powers concerned should be required to pay such taxes as might be prescribed in laws and regulations duly promulgated by the competent authorities of the Chinese Government and recognized by the Powers concerned as applicable to their nationals.

In regard to the suggested reforms in the Chinese laws, judicial and prison systems, and administration of justice, the Commission expressed the opinion that the several Powers would be warranted in relinquishing their respective rights of extra-territoriality when the recommendations of the Commission had been fully complied with. The recommendations under this head required so large a performance from China that, on these terms, the renunciation of extra-territoriality was likely to be postponed to an indefinite future. Such indefinite postponement of any tangible reward for Chinese efforts at reform was bound to discourage the Chinese from making them; and there was thus a danger of setting up a vicious circle of procrastination on the side of the Powers and apathy on the side of the Chinese. The Commission sought to avert this danger by the following proposal:

It is suggested that, prior to the reasonable compliance with all the recommendations above mentioned, but after the principal items thereof have been carried out, the Powers concerned, if so desired by the Chinese Government, might consider the abolition of extra-territoriality

[1] *Cmd.* 2774 of 1926, pp. 93–6.

according to such progressive scheme (whether geographical, partial, or otherwise) as may be agreed upon.[1]

The Commission also put on record the important stipulation that, upon the relinquishment of extra-territoriality, the Powers concerned should enjoy freedom of residence and trade and civil rights in all parts of China in accordance with the general practice in intercourse among nations and upon a fair and equitable basis.[2]

The report of the Commission was signed by the Chinese as well as by the other members, but the Chinese Commissioner made the reservation that his signature must not be taken to imply approval of Parts I, II and III (which dealt with the existing facts, the recommendations of the Commission being contained in Part IV).

During their eight months' work, the Commission had shed light on the length and difficulty of the road to be travelled, without themselves being able to make much practical progress towards attaining the goal envisaged in the Washington Conference Resolution of the 10th December, 1921. This comparative ineffectiveness was not the fault of the Commission but the consequence of the unfortunate situation in China.

A somewhat less discouraging prospect was presented by the situation (as observed by the Commission) of the foreign residents in China of non-extra-territorial nationality. In 1925, there were 83,235 such persons and 1,270 such firms, of whom the overwhelming majority (namely, 79,785 persons and 932 firms) were Russian;[3] and of these Russian residents and enterprises the majority, again, were established in Northern Manchuria. The creation in 1920 of the five special courts to provide for this Russian population in the special area of the Chinese Eastern Railway zone has been recorded in the preceding volume.[4] Two of these courts were visited by the travelling committee of the Extra-Territoriality Commission, which was favourably impressed with their working.[5] A law promulgated on the 23rd May, 1919, and amended on the 30th October, 1920, prescribed that cases involving non-extra-territorial nationals should fall exclusively within the jurisdiction of these five courts or of the modern courts in other districts;[6] and, according to an instruction of the Ministry of Justice, dated the 23rd October, 1919, the trial of these cases in the modern courts was (except in cases of offences falling within the

[1] *Cmd.* 2774 of 1926, p. 94. [2] *Ibid.*, p. 93.
[3] Figures in *Cmd.* 2774 of 1926, p. 26.
[4] See *Survey for 1925*, vol. ii, Part III, Section (iii).
[5] *Cmd.* 2774 of 1926, p. 127; see also pp. 65 and 77.
[6] *Ibid.*, p. 41. The Sino-Austrian Treaty of the 19th October, 1925, Art. 4, specifically provided that Austrians should be tried in the modern courts.

original jurisdiction of the High Court) to be conducted before specially trained judges and procurators who had studied abroad;[1] interpreters were to be attached to the court; and detention and imprisonment of non-extra-territorial nationals were to be effected in the modern prisons and detention houses. German residents in China were exempted from police jurisdiction.[2] Civil procedure regulations —which had first been put into force on the 22nd July, 1921, for the courts of the special judicial districts in Manchuria, in cases involving Russians—were made applicable to all courts in China in civil cases by mandate of the President dated the 6th January, 1922, effective from the 1st July, 1922.[3] The Extra-Territoriality Commission observed that the special Manchurian courts represented 'the effort of the Chinese Government to accommodate its laws and judicial system more fully to those foreigners who had come under its jurisdiction, and to treat in a conciliatory manner the difficult task of accustoming foreigners to its courts'.[4]

The present and prospective treatment of non-extra-territorial nationals in China had of course a direct bearing upon the problems which came within the terms of reference of the Extra-Territoriality Commission; but in 1926 it was difficult to arrive at any certain conclusion in regard to this important matter. Among the eleven cases of interference by military authorities in the administration of justice, which were cited by the Commission as having mostly occurred while they were actually making their investigations,[5] two related to non-extra-territorial nationals, one of whom was a German business man at Foochow while the other was Monsieur B. G. Ostrumov, a 'White' Russian, who had been manager of the Chinese Eastern Railway before the transference of control to the Soviet Russian authorities under the two agreements of 1924.[6] On the whole, such cases seem at this time to have been uncommon;[7] but nationals of the surviving extra-territorial Powers who were averse from the surrender of extra-territoriality suggested that, even if this were proved, it should not be inferred that extra-territoriality could be eliminated altogether from China with impunity to foreign residents on Chinese soil. They represented that non-extra-territorial nationals in China were still

[1] *Cmd.* 2774 of 1926, p. 41.
[2] *Ibid.*, p. 77. For some account of the situation of Germans in China see *The New York Times*, 19th April, 1926.
[3] *Cmd.* 2774 of 1926, p. 39.
[4] *Ibid.*, p. 77.
[5] *Ibid.*, pp. 81–7.
[6] See *Survey for 1925*, vol. ii, Part III, Section (iii).
[7] See, however, Section (β) (vi) below for the experience of the Russians in Manchuria (though this experience must be interpreted in the light of the special political conditions then prevailing in that area).

benefiting from extra-territoriality in two ways. In the first place, many of them were domiciled in international settlements or in concessions held by the surviving Treaty Powers, where, though not under the jurisdiction of their own national authorities, they were also not under the jurisdiction of the Chinese. In the second place, so long as other foreign Powers retained rights of extra-territoriality in China which the Chinese were urging them to surrender, the Chinese had a special incentive for making the position of foreign nationals who had ceased to enjoy extra-territoriality as pleasant as possible—an incentive which would disappear if and when all other foreign nationals in China had been placed on the same non-extra-territorial footing. The Chinese, on their part, represented that their only incentive to make the position of foreign residents unpleasant was their resentment against what, in Chinese eyes, was a status of unfair privilege; and that, therefore, if all foreigners surrendered their extra-territoriality, all would find themselves treated with the same consideration as was already being shown to the Germans and the Russians. These respective representations, which in both cases carried the question into the domain of conjecture, showed that at this stage the situation of non-extra-territorial nationals in China afforded no evidence from which conclusions could be drawn with any degree of assurance.

(β) (iv) The Denunciation of Treaties by the Peking Government.

In the preceding volume, an account has been given of the Chinese Government's efforts, between the termination of the General War of 1914–18 and the close of the year 1925, to eliminate from the treaty relations of China all elements of inequality—particularly the possession of extra-territorial rights in China by foreign Governments and their nationals. These efforts were systematically continued during the year 1926 by the Peking Government, and it is noteworthy that they were not interrupted either by the northern campaign of the civil war (in which Peking passed from the military control of the Kuominchün Army, directed by Feng Yü-hsiang, into that of the two temporarily allied dictators, Chang Tso-lin and Wu P'ei-fu),[1] or by the resulting disappearance of the last vestige of the Peking Government's administrative authority. Indeed, the first moves in the proceedings against France and Belgium appear to have been made by the Wai-chiao Pu (the Peking Foreign Office) in March and April respectively under the puppet Government of the Kuominchün

[1] For an outline of this campaign, see IV A (β) (i) above.

when it was at the point of dissolution, while the subsequent moves were carried on, without a break in continuity of policy, under the puppet Government of the momentarily dominant pair of dictators. This continuity of policy was secured by a continuity of *personnel* in the Wai-chiao Pu, where a nucleus of virtually permanent officials was left undisturbed by the dictators who made and unmade other ministries at their own caprice. The truth was that the Chinese desire to get rid of the various servitudes upon Chinese sovereignty and independence, and to win for China an international status on a footing of equality with the countries of the West, was a genuinely national aspiration, which was so widely and deeply felt by the politically conscious elements of the Chinese people that the leaders of all the contending factions were constrained to lend their countenance and support to a public movement in this direction, however indifferent they might be in private to any considerations beyond their personal self-interest. In this matter, therefore, the most shadowy Central Government at Peking was able to speak with authority—not that it could have imposed any policy upon the rest of the country, but because, in conducting this particular campaign against the 'unequal treaties', it was pursuing, and knew itself to be pursuing, a policy which already enjoyed the ardent and virtually unanimous support of Chinese public opinion.

(*a*) The Denunciation of the Sino-French Treaty of the 25th April, 1886, regarding the Commercial Relations between China and French Indo-China.

On the 6th August, 1926, the Peking Ministry of Foreign Affairs (Wai-chiao Pu) issued the following circular telegram:

> The Chinese Government, through the French Minister in Peking, on the 4th March last notified the French Government that the treaty would become null and void simultaneously with its expiration. The Government at the same time, through the Chinese Minister in Paris, notified the French Government that on and after 7th August the Chinese Government would discontinue the arrangements made between the two countries as regards the reduction of the frontier Customs Duties and other special treatments, and that the affairs of Frenchmen and of the people belonging to French nationality should be dealt with fairly and appropriately in accordance with the other existing Treaties between the two countries or according to International Law.

The Wai-chiao Pu's reference to the 'expiration' of the treaty of the 25th April, 1886,[1] was based on Article 18, which provided that

[1] Text in Hertslet: *China Treaties*, vol. i, p. 192.

'the present stipulations may be . . . revised ten years after the exchange of ratifications' on the understanding that if they were not so revised the treaty should remain in force for a further period of ten years. The treaty had been modified by supplementary agreements of the 26th June, 1887,[1] and the 20th June, 1895,[2] and had not come into force until the exchange of ratifications of the 1895 agreement on the 7th August, 1896. The 7th August, 1926, thus represented the third occasion on which the treaty could be revised. Negotiations for a new commercial treaty began in Peking on the 26th January, 1927, with the examination of a draft submitted by the French Legation.[3]

(*b*) The Denunciation of the Sino-Belgian Treaty of the 2nd November, 1865

On the 6th April, 1926,[4] the Sino-Belgian Treaty of the 2nd November, 1865—a treaty of friendship, commerce and navigation which also conferred upon the Belgian Government and Belgian nationals in China the usual rights of extra-territoriality—was denounced by the Chinese Government as from the 27th October following. That date marked the termination of one of the decennial periods at the end of which it was open to the Belgian Government, under Article 46 of the treaty, either to denounce the treaty or to approach the Chinese Government with a view to negotiating a modification of its terms. The provisions of Article 46, however, were expressly 'unequal' in that they gave the right to take this initiative to Belgium only and not to either contracting party. The Chinese Government contended that the 'unilateral' limitation of this right applied to the termination of the first decennial period only.[5]

The Belgian Government replied that it did not admit the Chinese interpretation of Article 46, but that nevertheless it was disposed to negotiate a new treaty, not of the unequal kind, when a stable Government had been established in Peking and when the Tariff Conference[6] and the Extra-Territoriality Commission[7] had concluded

[1] Text in *op. cit.*, p. 202.
[2] Text in MacMurray: *Treaties and Agreements with and concerning China*, vol. i, p. 28.
[3] *Le Temps*, 28th January, 1927.
[4] *The Times*, 15th October, 1926.
[5] *Le Temps*, 1st July, 1926.
[6] See *Survey for 1925*, vol. ii, Part III, Section (viii).
[7] See Section (*β*) (iii) above.

their labours.[1] The Peking Government replied that the treaty of 1865 would expire automatically on the 27th October, and that the most that would be possible would be the signature of a *modus vivendi*. The Belgian Government accepted the latter suggestion on condition that the *modus vivendi* stipulated that, until the conclusion of a new agreement, the clauses of the treaty of 1865 should remain in force, with the exception of Article 46 and of any dispositions which might be modified by the Tariff Conference and the Extra-Territoriality Commission.[2] On the 27th August, the Belgian Minister for Foreign Affairs, Monsieur Émile Vandervelde, made a conciliatory public statement, in which he admitted that the instrument of 1865 belonged to the category of 'unequal treaties', and recalled that Belgium had already declared herself willing to renounce this 'indefensible system'. He submitted, however, that the treaty of 1865 could not be simply suppressed without placing Belgium in a position of palpable inferiority *vis-à-vis* the other Powers possessing interests in China. If Belgium, he declared, were disappointed in her hope of a friendly solution, she would be compelled to contest formally the Chinese pretension to denounce, and thereby automatically to terminate, the treaty of 1865. In that case she would submit the issue to the Permanent Court of International Justice, whose compulsory jurisdiction China, as well as Belgium, had accepted.

On the 21st October the Chinese Government communicated to the Belgian Government its formula for the proposed *modus vivendi*. For a maximum period of six months, it offered the provisional maintenance of the existing Chinese tariff in respect of Belgian trade on condition that the Belgian minimum tariff should be applied provisionally to Chinese trade with Belgium. It also offered the provisional maintenance of the *status quo* in regard to extra-territoriality, on condition that Belgium undertook in advance to renounce extra-territoriality in the new treaty.[3] This move was supported by demonstrations in Brussels of Chinese residents and Chinese students who assembled for the purpose from other parts of Europe.[4] On the 27th October the Belgian Government accepted the term of six months for a *modus vivendi*, but only on condition that it should be renewable on the demand of either party, while the Peking Government insisted

[1] Statement by the Belgian Minister for Foreign Affairs, M. Émile Vandervelde, on the 27th August, 1926 (quoted in *Le Temps*, 29th August, 1926).

[2] Monsieur Vandervelde's statement of the 27th August, 1926 (*Le Temps*, 29th August and *The Times*, 15th October, 1926).

[3] *The Times*, 23rd October, and *Le Temps*, 24th October, 1926. See also the communiqué from the Chinese Legation in Paris, published in *Le Temps*, 19th November, 1926.

[4] *Le Temps*, 24th October, and *The Times*, 28th October, 1926.

that either party should be free to refuse to renew it.[1] Since the Chinese denunciation of the treaty took effect from the 27th October, and since the two parties had failed to find common ground for a *modus vivendi*, the Belgian Government decided, on the 5th November, to submit Article 46 of the treaty to the Permanent Court for interpretation, and communicated this decision to the Peking Government.[2] Peking retorted on the 6th November by a formal declaration that the treaty was terminated and that Belgian nationals in China were now on the same footing as Austrians, Germans, and Russians.[3] On the 18th November the Belgian Government proposed to the Peking Government the negotiation of a *compromis* to define the matters in dispute which were to be submitted to the Court.[4] On the 19th the Wai-chiao Pu replied that the issue between China and Belgium was not the interpretation of Article 46 of the treaty of 1865 but the application of the principle of equality of treatment, and submitted that this could not be made the subject of judicial inquiry. If there was to be an appeal to some international authority, the Peking Government contended that the proper reference was to the Council of the League of Nations[5]—presumably on the ground that the dispute was not a legal but a political question which came within the terms of the Covenant, e.g., under Article 11 or Article 19. It appears that the Peking Government actually intended to take such action at the forty-third meeting of the Council in December 1926, but that the Chinese representative was prevailed upon by Sir Austen Chamberlain to stay his hand.[6] The Belgian application instituting proceedings against the Chinese Government was transmitted to the Permanent Court on the 25th November; but on the 13th January, 1927, the Belgian Government suspended its action before the Court and informed the Peking Government that it was now willing, not only to open negotiations for a new treaty, but to retrocede the Belgian Concession at Tientsin. Thereupon a *modus vivendi* was negotiated between the two parties which did not differ substantially from the formula which had been communicated on the preceding 21st October by the Chinese Minister at Brussels. Thus the preliminary stages, at any rate, of the Sino-Belgian affair resulted in a signal diplomatic victory for Peking.

[1] Communiqué by the Chinese Legation in Paris (*Le Temps*, 19th November, 1926).
[2] *The Times*, 8th November, 1926.
[3] *The Times*, *loc. cit.*
[4] *Le Temps*, 19th November, 1926.
[5] *The Times*, 20th November, 1926.
[6] Statement by M. Vandervelde in *Le Temps*, 16th December, 1926.

(c) The Demand for the Revision of the Sino-Japanese Commercial Treaty of the 21st July, 1896

On the 20th October, 1926, the Peking Government presented to the Japanese Government a note (in the Chinese language) demanding a revision of the Sino-Japanese commercial treaty of the 21st July, 1896. This demand was based on Article 26 of the treaty itself, which provided that either party might demand a revision of the tariffs and of the commercial articles of the treaty at the end of the successive decennial periods. One of these decennial periods ran out on the 20th October, 1926, the actual date on which the Chinese note was presented. The Chinese note, however, went beyond the terms of Article 26 of the treaty in two respects. It expressed a wish for a fundamental revision of the whole treaty on the principles of equality and reciprocity; and it stipulated that the revision should be effected within a maximum period of six months. The note declared that if at the expiration of the said period no treaty had been completed, the Chinese Government would 'be confronted with the necessity of determining and declaring its attitude *vis-à-vis* the existing treaties'; and it added that the Chinese Government reserved all rights in this respect.[1]

On the 10th November the Japanese Government replied in conciliatory terms.[2] It pointed out that the reference of Article 26 was limited to tariffs and commerce; but at the same time it disclaimed any desire to limit the scope of the negotiations and declared itself willing, without prejudice to its legal position, to consider the wishes of the Chinese Government sympathetically. It protested, however, against the Chinese suggestion that the negotiations should be subject to a time limit. Negotiations for the revision of the treaty of 1896 were formally opened at Peking on the 21st January, 1927.

(d) The Outlook in January 1927

Thus, before the end of January 1927, the Wai-chiao Pu had succeeded in bringing three more of the 'unequal treaties' up for revision; and it was reported to have selected as its next objective the Sino-Spanish Treaty of 1864. The Chinese diplomatists had been intransigent in pressing the other parties to admit the general principle that the 'unequal treaties' were transitory and not eternally valid; but in each case, when once this principle had been admitted,

[1] *The Times*, 12th November, 1926. [2] *The Times, loc. cit.*

they were content to effect the actual revision of the treaties by negotiation. In this they showed statesmanship, since the establishment of the principle insured the ultimate elimination of 'inequality' from the relations between China and foreign Powers, and the Wai-chiao Pu could therefore afford to take the longer road of negotiation in order to advance over the firm ground of mutual agreement rather than pursue the dangerous short cut of unilateral action on which they had started their course.

(β) (v) The Seizure of the Revenues of the Salt Gabelle at Tientsin.

The Chinese Salt Gabelle had been allocated as a direct security for the Anglo-French Loan of 1908, the Hukuang Railway Loan of 1911, and the Crisp Loan of 1912. Between 1909 and 1913, the Chinese Central Government had taken the administration of the Gabelle, previously conducted by the provincial authorities, into its own hands. In 1913 the Government had appointed a foreigner (Sir Richard Dane, formerly Inspector-General of Excise and Salt in India) as Foreign Adviser and afterwards as Foreign Chief Inspector; and this had been one of the conditions on which China obtained the Reorganization Loan of that year, for which the Salt Revenues were pledged as collateral security. Under the foreign management of Sir Richard Dane and his successors the Salt Revenues rose from less than $15,000,000 in 1913 to over $80,000,000 in 1919, and during the earlier years of the civil war they did not seriously fall off. Indeed the net revenue collected under the 1913 Loan Agreement amounted to $85,633,000 in 1922. Of this total, $31,668,000 was retained by local authorities (the Tuchün of Szechuan had been claiming the whole Salt Revenue of that province, amounting to some $10,000,000 at least, since 1917), while, of the net revenue paid into the Group Banks, in accordance with the agreement, $47,237,000 was released to the Peking Government and $6,728,000 applied to debt charges. It will be seen that the sums required for the service of foreign loans secured on the Salt Revenues represented only a fraction of the amount collected, and that, up to this point, the illegal retentions of revenue by Chinese local authorities had been entirely at the expense of the Peking Government, while the large sum which nevertheless remained over for release to the Peking Government after the debt charges had been met, represented a margin of security for the service of the debts against further local Chinese encroachments. In May 1923, however, the Kuomintang Government at Canton not only seized the local Salt Revenues but took over the business of collection, and from that date onwards the Canton District Inspectorate

of the Salt Gabelle remained closed. In the same year there were retentions of Salt Revenue not only in Kwangtung but in five other southern provinces as well as in the three provinces in Manchuria (the domain of Chang Tso-lin). Three provinces in the Lower Yangtse region followed suit in 1924. Nevertheless, in 1925 not more than about $33,030,000, out of a total of $73,634,000 payable to the Group Banks, was retained locally or appropriated by provincial authorities or military dictators; and the services of the loans directly secured on the Salt Revenue, amounting to $20,861,000, was paid in full.[1] The reserve in the Group Banks was maintained during the year at $7,000,000. In December 1925, however, the Swatow Assistant District Inspectorate had to be closed, like the office at Canton.

In 1926 the Salt Gabelle fared very much worse than in previous years. On the 27th May, the Acting Chief Inspector notified the Group Banks that the Tupan (Military Governor) of Chihli, Chu Yu-p'u, had established an office at Tientsin for collecting duties from the salt merchants, and had issued a proclamation announcing repayment of loans from the Salt Revenue and measures indicating an intention to collect the revenue independently of the official administration.[2] On the 4th June, Chu Yu-p'u's officials fulfilled this threat by displacing the officials of the Gabelle and taking possession of the salt depot at Changlu.[3] The diplomatic representatives of France, Great Britain, and Japan protested to the Peking Government, and on the 15th July Wu P'ei-fu issued a communiqué stating that he had ordered the release of the Salt Revenues hitherto seized by his subordinates and that he would prevent their interference with the collection of these revenues by officials of the Gabelle. He added that he had asked the provincial authorities, including Chang Tso-lin and Sun Ch'uan-fang, to take similar action.[4] Meanwhile the representatives of the Group Banks and of the Salt Administration at Tientsin had taken the practical course of coming to a direct arrangement with Chu Yu-p'u for the suppression of his illegal organization and the reinstatement of the Salt Administration authorities at Tientsin in consideration of a monthly payment to Chu Yu-p'u of

[1] A payment (in due course refunded) of $13,284,000 was also made this year to the China Maritime Customs on account of the service of the 1913 Reorganization Loan. This refund, together with the balance in the Group Banks, was paid over to the Peking Government, which thus received about as much, in this year, as the provinces retained.

[2] *The Times*, 28th May, 1926.

[3] *Ibid.*, 5th and 9th June, 1926; statement by Mr. Locker-Lampson, Under-Secretary of State for Foreign Affairs, in answer to a question in the House of Commons at Westminster, 9th June, 1926.

[4] *The Times*, 16th July, 1926.

$300,000 (the total Salt Revenue of Chihli Province being about $13,000,000 per annum). Pending ratification, the Tupan's representatives allowed the Administration to resume control; but the arrangement was almost upset owing to the dissatisfaction of the Tupan himself with the action of the Administration in delaying payment of the first instalment due to him under the arrangement until his ratification had been received;[1] and the terms of agreement were not confirmed until an additional payment had been made in respect of unpaid subsidies which had been arranged for on a previous occasion in consideration of his abstaining from interference with the Salt Administration.[2]

In June 1926, the military authorities in Shantung appear to have attempted to use the provincial Salt Revenue as security for floating a provincial loan, notwithstanding the protest of the Gabelle Inspectorate that this would constitute a violation of the Reorganization Loan Agreement of 1913.[3] Illegal action on the same lines by Chang Tso-lin was reported to have elicited another protest from the representatives of France, Great Britain, and Japan at Peking.[4] In the Yangtse Basin, when Sun Ch'uan-fang was being hard pressed by the Kuomintang forces in the southern campaign of the civil war,[5] he informed the Salt Administration that remittances of revenue collected in the provinces under his control would be discontinued as from the beginning of October.[6] When the Cantonese occupied Nanchang, in the province of Kiangsi, in the course of the same campaign, they went beyond the action of the provincial authorities, who had intercepted the local Salt Revenues since 1923, and displaced the Salt Administration Service in order to collect the revenue themselves,[7] as they had already done in other places under their rule.

In these circumstances it was not surprising that the total net Salt Revenue collected for the year 1926, which amounted to $64,287,000, showed a decrease of $9,437,000 as compared with that for 1925, and that the amount released to the Peking Government was only $8,868,000 this year, as compared with $32,935,000 in the preceding year, while the amount paid on account of foreign loans secured on the Salt Revenues was only $9,072,000, as compared with $20,861,000. Indeed, at the close of the year the whole of the Salt Revenue was being retained by the local authorities except that from

[1] *Ibid.*, 21st July, 1926.
[2] *Ibid.*, 22nd July, 1926.
[3] *Ibid.*, 25th June and 5th July, 1926.
[4] *Le Temps*, 4th August, 1926.
[5] See Section (δ) (x) below.
[6] *The Times*, 7th October, 1926.
[7] *The Times*, 3rd December, 1926.

the Changlu salt-fields at Tientsin (after deduction of the monthly payments to Chu Yu-p'u) and from other districts in the neighbourhood of Peking.

(β) (vi) The Recrudescence of the Conflict between Chang Tso-lin and the Soviet Russian authorities over the Chinese Eastern Railway, and the recall of Monsieur Karakhan from Peking.

In the preceding volume an account has been given of the negotiation of the Sino-Soviet Treaty of the 31st May, 1924,[1] and of Russo-Chinese relations over the Chinese Eastern Railway down to the diplomatic crisis of December 1925 and January 1926.[2]

The agreement of the 24th January, 1926, under which Monsieur Ivanov, the Russian manager of the railway, who had been arrested by the representatives of Chang Tso-lin, was released in compliance with an ultimatum from Moscow,[3] averted the momentary danger of a military conflict; but this diplomatic incident brought to the surface the underlying differences of aim and interest which had been ignored, or left over for future settlement, in the Peking and Mukden Agreements of 1924.[4] The Russians were disturbed by a series of arbitrary acts committed by the Chinese authorities against citizens of the U.S.S.R. in Manchuria—a series of which the arrest of Monsieur Ivanov had been the culmination—and now sought to recover, at least in part, the extra-territorial rights which they had relinquished in 1924. The Chinese had no thought of yielding an inch of ground once gained from any foreign Power in the contest for the abolition of extra-territoriality; and their motives for intransigence on this point were particularly strong in the case of the Russians—partly because they had made a certain concession to the Russians in this matter by setting up the five special courts in the Manchurian Provinces,[5] and still more because, even after the conclusion of the treaty of 1924, the position of the Russians in Northern Manchuria still interfered with Chinese sovereignty (though no longer to the same extent as the Japanese position in Southern Manchuria). It has been explained in the preceding volume[6] that, notwithstanding the terms of the treaty, the Soviet Russian authorities had continued the policy of the Imperial Russian authorities by keeping the manage-

[1] See *Survey for 1925*, vol. ii, Part III, Section (ii).
[2] See *op. cit.*, Part III, Section (iii).
[3] *The Times*, 13th February, 1926.
[4] *Survey for 1925*, vol. ii, Part III, Sections (ii) and (iii).
[5] See Section (β) (iii) above.
[6] See *Survey for 1925*, vol. ii, Part III, Section (iii).

ment of the Chinese Eastern Railway in their own hands *de facto*; and Monsieur Ivanov's action in December 1925, when he suddenly suspended the transport of Chang Tso-lin's troops during the revolt of Kuo Sung-lin,[1] evidently determined the Manchurian dictator to render effective that share in the control over the railway which had been assigned to the Chinese in the agreements of 1924.

Negotiations for the settlement of outstanding issues relating to the Chinese Eastern Railway were opened at Harbin, transferred to Mukden, and carried on in a desultory way from February 1926 until they broke down on the 5th June.[2] During this period, Chang Tso-lin's military position notably improved and his attitude towards the Russians stiffened proportionately. In December 1925 he had been threatened for a moment with overthrow by the rebellion of his own general Kuo Sung-lin at the crisis of his struggle with Feng Yü-hsiang. Before the end of April, Chang had not only recovered control of his home territory but had driven his former ally Feng out of Peking in concert with his former opponent Wu;[3] and when the fall of Peking was imminent, he requested the Moscow Government, through the Soviet Consul-General at Mukden, to recall its Ambassador, Monsieur Karakhan.[4] Monsieur Karakhan, who had negotiated the Treaty of 1924, was regarded as the protagonist of a forward policy in Northern China; but the Government at Moscow, which realized that the scales were inclining in Chang Tso-lin's favour, had already dispatched an ex-Commissar of Communications, Monsieur Serebriakov, on a special mission to Mukden to initiate a more conciliatory policy.[5] Monsieur Serebriakov secured the simultaneous withdrawal of Chang's note to the Soviet Consul-General at Mukden and of the Consul-General's note retorting thereto;[6] but his mission ended in failure.

The Northern military dictators had several reasons for taking hostile action against the U.S.S.R. In the first place, they bore Moscow a grudge for having supported their opponent Feng Yü-hsiang; in the second place, by representing their campaign against Feng as an 'anti-Bolshevik crusade', they hoped to secure for themselves the sympathy of other foreign Powers, or at least to neutralize

[1] See Section (β) (i) above.

[2] See *Survey for 1925*, vol. ii, *loc. cit.* See also *The Times*, 13th and 18th February, 27th May, and 11th June, 1926.

[3] See Section (β) (i) above.

[4] *The Times*, 23rd April, 1926.

[5] See *Survey for 1925*, vol. ii, Part III, Section (iv), p. 356, for Monsieur Serebriakov's abortive mission to Tokyo in the matter of the Russian and Japanese Railway Zones in Manchuria.

[6] *The Times*, 24th April, and *Le Temps*, 25th April, 1926.

the ill-will arising from the damage inflicted upon foreign interests by their military operations; and in the third place, in attacking the special powers and privileges which the Russians still possessed in Northern Manchuria, Chang Tso-lin could count upon the tacit approval of his patrons the Japanese and upon the approbation of the Chinese public. Since the Chinese military dictators were not loved by their own countrymen, the rare opportunities which came their way of posing as champions of the national cause were too valuable to be neglected.

Accordingly, Chang delivered a series of blows against Soviet Russian interests. Towards the end of February 1926 the Russian municipal council at Harbin was dissolved and the municipality was taken over by Chinese officials.[1] The Mukden negotiations were broken off on the 5th June,[2] in spite of the intervention of Monsieur Serebriakov and the resignation of Monsieur Ivanov from the managership of the C.E.R. in April to make way for a more pliable successor.[3] Early in August the demand for the recall of Monsieur Karakhan was renewed, this time through the more formal channel of a communication from the Peking Ministry of Foreign Affairs to Moscow;[4] and before the end of the month the Soviet Government complied.[5] Chang Tso-lin, however, so far from being placated by this, took it as a signal that the time was ripe for a fresh act of aggression. Early in September his representatives seized the river flotilla of the C.E.R. on the Sungari (which had been one of the objects of discussion at the Mukden Conference), as well as the offices and apparatus of the flotilla on shore; and at the same time they closed the educational establishments which the management of the C.E.R. maintained in the railway zone.[6] The Soviet Government, which estimated the shipping seized at the figure of 11 steamers and 30 barges with a total cargo capacity of 20,000 tons,[7] addressed a protest to Peking;[8] but Chang Tso-lin refused to restore the confiscated property, on the grounds that the maintenance of the river

[1] *The Times*, 3rd April, 1926.

[2] The occasion of the breakdown was a refusal, on Chang's part, to discuss certain points, raised by the Russians, which were not directly connected with the C.E.R. 'The Soviet representatives had proposed, first, that Chang Tso-lin should withdraw his demand for the recall of Karakhan; secondly, that a Soviet adviser, with effective powers, should present the cases in which Soviet nationals were concerned (meaning partial restoration of the extra-territorial privileges); thirdly, that official recognition should be accorded to the Russian trade unions in Manchuria; and, fourthly, that new regulations for the navigation of the Sungari should be drafted' (*The Times*, 11th June, 1926).

[3] *Ibid.*, 19th April, 1926.

[4] *Ibid.*, 4th August, 1926.

[5] *Ibid.*, 1st September, 1926.

[6] *Ibid.*, 6th September, 1926.

[7] *Ibid.*, 10th September, 1926.

[8] *Ibid.*, 8th September, 1926.

flotilla was contrary to the 1924 agreements, that the action taken in September 1926 was in reprisal for the confiscation by the Soviet authorities of eleven Chinese barges at Vladivostok, and that the C.E.R. schools were being used for communist propaganda.[1]

A further opportunity for the Peking Government to assert its authority in a matter affecting foreign interests was afforded by the closing, in September 1926, of the Far Eastern Branches of the Russo-Asiatic Bank.[2] The history of this Bank has been recorded in the preceding volume in its connexion with the C.E.R.[3] Though nominally an Imperial Russian concern, the head-quarters of the bank had been transferred, since the extinction of the former Russian Empire, to Paris, while the French and Belgian interests in its capital had become predominant since it had been deprived of its assets in the territories of the U.S.S.R. and in Northern Manchuria. The decision taken in September 1926 to wind up the Far Eastern branches was stated to have been due, not to financial embarrassments, but to a desire on the part of the French and Belgian shareholders to reorganize the bank as a French concern.[4] In view of the fact that the bank had been partly established in the first instance with Chinese capital, and that it was one of the custodian banks for the revenues of the Chinese Maritime Customs and the Salt Gabelle, the Peking Government appointed two liquidators, one Chinese and the other French, to wind up its affairs in accordance with Chinese law.[5] The French Government protested against this step, and was reported to have contended that, since the head office was in Paris, the Far Eastern branches ought to be liquidated in the French courts.[6] The question was settled by a compromise providing for a joint liquidation.[7]

(γ) *The Vortex round Canton.*

(vii) The Struggle at Canton between the Right and Left Wings of the Kuomintang.

In the preceding volume an account has been given of the formation of the Nationalist Government at Canton by Dr. Sun Yat-sen in 1921; the arrival of the Bolshevik organizer, Monsieur Michael Borodin, in Canton with Dr. Sun Yat-sen (upon Sun's return from

[1] *The Times*, 23rd September, 1926.
[2] *Ibid.*, 28th September, 1926.
[3] *Survey for 1925*, vol. ii, Part III, Section (iii).
[4] *The New York Times*, 1st October, 1926.
[5] *Le Temps*, 2nd October, 1926.
[6] *The Times*, 5th October, 1926; cp. *Le Temps*, 4th October.
[7] *The Times*, 11th October, 1926.

temporary exile) in the summer of 1923; the increase in the numbers of the Russian advisory staff; the foundation of the Whampoa Military Academy, with Russian instructors, in June 1924; the struggle between the Nationalist politicians and their mercenary troops from Yunnan and Kwangsi which resulted in the defeat and expulsion of the mercenaries on the 12th June, 1925 (the first-fruits of the Whampoa Military Academy); the reorganization, in the same month, of the Kuomintang Party on the pattern of the Russian Communist Party and the regulation of the relations between the Kuomintang and the Nationalist Government on the pattern of the relations between the Russian Communist Party and the Soviet Government; and the internal struggle, in the Kuomintang itself, between the right and left wings, in which the question of the extent to which the party should entrust itself to the guidance of its Russian advisers came to be the dominant issue.[1]

At the beginning of 1926 the distribution of power at Canton was complicated. There was a Nationalist municipal administration, a Nationalist provincial administration, and a Nationalist Government which claimed to represent all China, though it had existed for nearly five years without succeeding in extending its authority far beyond the limits of Kwangtung Province. Behind these three administrations was the Kuomintang Party; behind the Party the Central Executive Committee; behind the Committee the Political Bureau; and behind the Bureau the Russians. Independent of these organizations, though in touch with the left-wing elements in all of them, was the Strike Committee, which had been conducting the anti-British boycott and strike at Canton since the Shameen Shooting Incident of the 23rd June, 1925.[2]

During the year 1926 the struggle between Right and Left at Canton turned upon the continuance or termination of the strike and boycott; and in this phase of the conflict the right wing gradually gained the upper hand—at first, perhaps, because the termination of the boycott was desirable in the interests of the Northern Military Expedition,[3] which was supported by both wings, and then because the sensational successes of the expedition opened up a field of activity in which both wings were able temporarily to work together on common ground (though the ultimate effect of these successes

[1] See *Survey for 1925*, vol. ii, Part III, Introduction. See also *The Manchester Guardian*, 9th March, and *The Times*, 24th March, 1924.

[2] For this incident, and for the origin and activities of the Strike Committee, see *Survey for 1925*, vol. ii, Part III, Introduction and Section (xi) (*a*). For the termination of the strike and boycott see the present volume, Section (γ) (viii) below.

[3] See Section (δ) (x) below.

was to produce, in the following year, a more violent struggle for power between the two factions, which by that time were contending for mastery, not of the single province of Kwangtung, but of one-third of China, which had been conquered by the Kuomintang armies during the interval).[1]

The year 1926 was marked by the rise of two moderate leaders: Chiang Kai-shek, who had won his spurs, as the Commandant of the Whampoa Military Academy, when he expelled the mercenaries from Canton in the summer of 1925; and Mr. Eugene Chen, who was appointed Foreign Minister of the Southern Nationalist Government in April 1926,[2] and who played an important part in the proceedings which led to the termination of the anti-British strike and boycott at Canton before the success of Chiang Kai-shek's military operations gave him a larger field for the exercise of his diplomatic abilities at the new Nationalist capital of Wuhan (Greater Hankow).[3]

During the year 1926 Chiang Kai-shek did not break with the Russians, whose technical services he required for the forthcoming military campaign; but he took steps to curb their influence and to maintain his own personal ascendancy at Canton without creating an open breach. A raid on the Russian head-quarters at Canton, which he conducted on the 20th March, was followed on the 24th by the departure of some of the Russian staff.[4] On the 25th April he balanced this anti-Russian action by dismissing the police commissioner Wu—a step calculated to placate the strikers while at the same time removing one of Chiang's personal rivals.[5] On the 15th May, at a conference of the Kuomintang Party, he carried a resolution making Communists ineligible for the position of departmental chief and in other ways placing them under political disabilities. In July, he was able to turn his energies to the Northern Expedition without having to fear that his political rivals might profit by his absence from Canton to recapture from him the ground which he had won.

Mr. Eugene Chen [Chen Yu-jen].[6]

Mr. Chen was born in Trinidad in 1878 and did not go to China until he

[1] The split in the Kuomintang and the establishment of the two rival Governments at Nanking and at Hankow in the spring of 1927 will be dealt with in the *Survey* for that year.

[2] *The Times*, 17th April, 1926.

[3] See *Survey for 1925*, vol. ii, Part III, Introduction, for a biographical note on Chiang Kai-shek, and the end of the present section for a similar note on Mr. Eugene Chen.

[4] *The Times*, 23rd and 27th March and 20th April, 1926.

[5] *Ibid.*, 26th April, 1926.

[6] See articles in *The Far Eastern Times* of the 16th April, 1927, and in a later issue of the same journal; and in *The Manchester Guardian*, 5th February and 4th May, 1927.

was over thirty. His native tongue was English, and he was admitted a solicitor in the English courts; but the situation in China after the Revolution of 1911 appearing to offer more scope for his ability, he abandoned his practice and in 1912 arrived at Peking. His mastery of English secured for him a post in Yüan Shih-k'ai's secretariat, virtually as a publicity agent. In January 1914 he declared himself a Chinese citizen and abandoned his British nationality. After the outbreak of the Great War he became editor of *The Peking Gazette*, and in the course of his editorship developed a strongly anti-British attitude. In 1917 he conducted a violent campaign against the proposed entry of China into the War and was imprisoned by Tuan Ch'i-jui until after China had definitely joined the Allies. After his release he went south and joined Sun Yat-sen's party at Canton, becoming a member of the 'Extraordinary Government' there. In 1918 he was a member of a diplomatic mission which went from Canton to the United States; in 1919 he accompanied Dr. C. C. Wu, the Canton Government's delegate, to the Paris Peace Conference; and from 1922 to 1924 acted as adviser on Foreign Affairs to the Canton Government. In 1924 he accompanied Sun Yat-sen to Peking, and before long was again editing a newspaper—the bi-lingual *Min Pao* or *People's Tribune*—the events of 1925, and in particular the Shanghai incident of the 30th May, affording ample opportunity for the exercise of his power of invective. In August 1925 he was captured by the Fengtien forces and imprisoned at Tientsin; but he escaped when Tientsin was taken by the Kuominchün at the end of the year, and once more made his way to Canton, where, in April 1926, he became Foreign Minister in the Nationalist Government.

(γ) (viii) The Lifting of the Anti-British Boycott at Canton.

In the preceding volume[1] an account has been given of the Shameen Shooting Incident of the 23rd June, 1925, and the two anti-British movements which followed: the strike of Chinese workers at Hongkong and the boycott of British trade at Canton. The Hongkong strikers migrated—to the number, it was estimated, of 200,000 men, women and children[2]—from the British colony to the territory of the Chinese Nationalist Government on the mainland, where strike pay was provided for them by the Canton Strike Committee. The Strike Committee, whose organization and activities have likewise been described in the preceding volume, thus had both movements under their control. But for the Strike Committee, both the strike and the boycott would probably have died down before the end of 1925. As it was, 'almost the whole body of Hongkong workers was again at work' by February 1926.[3] The boycott, however, was pro-

[1] *Survey for 1925*, vol. ii, Part III, Section (xi) (*d*) and (*e*), pp. 386–8.
[2] *The Times*, 31st March, 1926.
[3] Statement by the British Secretary of State for the Colonies, Mr. Amery, in reply to a question in the House of Commons at Westminster, on the 19th April, 1926.

longed for almost a year beyond its natural term by the action of the Committee, which had learnt how to raise a large revenue through the sale of exemptions from its own regulations and had consolidated its power until it had become an *imperium in imperio* with which the Nationalist Government long hesitated to try conclusions.

The first attempt to end the boycott was made at an unofficial conference between Hongkong and Canton merchants which was opened at Canton towards the end of November 1925, but though a settlement was desired by both parties, the negotiations broke down on the 4th January, 1926, owing to the failure of the Canton delegates to bring the Strike Committee to reason.[1] In February 1926, the Governor of Hongkong announced in the Legislative Council of the Colony that the Hongkong Government would only negotiate with the Canton Government itself, and would never agree to the payment of strike pay or compensation.[2]

'On the 21st February, as a sequel to repeated warnings, the Commissioner of Customs at Canton closed the ports of Canton and Whampoa, pending the surrender and return to the Customs authorities (for proper examination and the assessment of duty) of cargo irregularly removed from the custody of the Customs by the Canton Strike Committee, who, in violation of treaties, had been interfering with cargo between ships and the shore, and had already disposed of large quantities of cargo, including contraband. The incident was closed on the 25th February by the surrender of the goods seized by the strikers and by the issue of a proclamation that all Customs formalities must be complied with.'[3]

Fresh unofficial conversations, with a view to ending the boycott, between Hongkong Chinese and representatives of the Canton Government took place in the Portuguese colony of Macao in March. On the 7th April the Attorney-General of Hongkong arrived at Canton for informal discussions; but this third attempt at a settlement likewise broke down after the British representative had made it clear that the Hongkong Government would neither pay, nor countenance the payment of, strike pay or compensation for the non-reinstatement of strikers.

'On the 22nd May the British Consul at Swatow was attacked by strikers while he was removing Communist placards that had been

[1] *The Times*, 21st January, 1926. [2] *Ibid.*, 5th February, 1926.
[3] *Ibid.*, 23rd and 25th February, 1926; *The New York Times*, 25th and 26th February. On the 22nd April, 1926, the Commissioner of Customs, Lt.-Col. Hayley Bell, who had won this victory over the Strike Committee, was attacked by one of the boycott pickets and beaten (*The Times*, 24th April, 1926).

affixed to the walls of the Consulate compound. A naval guard was landed and an official apology demanded. This demand was fulfilled in due course, and the naval guard was thereupon dispensed with and the incident closed.'

At the end of May an official conference for the termination of the boycott was proposed by the Canton Government, and this was duly held at Canton from the 15th to the 25th July; but once again the discussions failed to issue in any settlement. The Cantonese delegation proposed that an impartial international inquiry should be held to decide the question of responsibility for the shooting at Shameen on the 23rd June of the previous year, 'and also that a loan should be raised, partly in Canton and partly in Hongkong, to meet the financial burden involved in the settlement, the Hongkong portion to be repaid only if the inquiry absolved the British from responsibility. The British delegation pointed out the objections to an inquiry held more than a year after the event and to the delay in the settlement which it would cause, but, in view of the insistence of the Cantonese, agreed to submit the proposal to the British Government. The loan proposal they summarily rejected, but as an alternative suggested an industrial loan for public works, either the development of the port of Whampoa or the construction of a loop-line connecting the Canton-Hankow and the Canton-Kowloon Railways. The British delegation further indicated their willingness to consider other alternative industrial undertakings, such as a railway to Swatow or to Bias Bay'. Therewith, the exchange of views came to an inconclusive end.

There followed a series of incidents which seemed to make the prospects of a settlement more remote than ever. In July, boycott pickets seized a Hongkong police-launch that had gone ashore, in a flood, on the Chinese side of the river which formed the boundary of the leased territory of Kowloon; and it required a demonstration at the border by a detachment of British troops to obtain the release of the crew. In July, again, the Commissioner of Maritime Customs at Canton had to arrange for his staff to be permanently quartered in the Customs House, where they remained (the Commissioner remaining with them) in a virtual state of siege, in order to protect them against the boycott pickets, who for some three months had been intimidating and kidnapping Chinese members of the Customs staff in order to drive them into joining a trade union which had been started by some discharged employees. In August, there was an outbreak of skirmishing between the pickets and passenger or cargo boats in Canton harbour which were attempting, or suspected of

attempting, to evade the boycott; and this caused such serious annoyance and danger to foreign nationals going about their lawful occupations in the harbour that, on the 4th September, action was taken by the British naval authorities. British warships cleared Canton harbour of Strike Committee picket-boats, and one British gunboat was berthed alongside certain British-owned wharves, from which the pickets were expelled by a landing-party of British marines.[1] The boycott examination shed was also cleared and placed under guard. Corresponding action was taken at Swatow, where one picket-boat was seized.

'As a result of this action, the Canton Government was at last brought to take action to curb the violence of the pickets; the Minister for Foreign Affairs undertook that the river should be patrolled and the wharves guarded by Chinese police. On this understanding, the naval guards were withdrawn, liberty of action being reserved in case the measures adopted by the Chinese proved ineffective. The understanding was properly observed by the Chinese, and no occasion for renewing the naval measures arose.

'The Minister for Foreign Affairs at the same time indicated that the question of bringing the boycott to an end was under consideration, and on the 18th September he addressed to the British Consul-General a note saying that arrangements had been made to end the boycott on or before the 10th October, and that at the same time a special consumption tax on imports, at the rate of 2½ per cent. (5 per cent. in the case of luxuries), would be collected, and also a production tax, at the rate of 2½ per cent., on exports.[2]

'On the 10th October it was officially announced that the boycott against Hongkong was terminated and all pickets were withdrawn.' The abnormal conditions which had prevailed for fifteen months[3] could not, of course, be overcome in a moment, but from the 10th October, 1926, onwards normal commercial relations between Hongkong and Canton were gradually restored. On the 25th October, the through service to Canton from Kowloon (in the territory leased to Great Britain on the mainland opposite Hongkong) was resumed after three years' suspension.[4] 'We in Hongkong', the Governor declared in introducing the Budget for 1927 in the Legislative Council on the 15th October, 'are sincerely anxious to resume the normal and

[1] *The Times*, 6th September, 1926.
[2] *Ibid.*, 21st September, 1926. See further Section (γ) (ix) below.
[3] The cost of these fifteen months to the trade of Hongkong, and so to the trade of Great Britain, may be gathered from the figures given in the note at the end of the present section.
[4] *The Times*, 26th October, 1926.

traditional relations of amity, to forget the unprofitable past, and to reach forward to a happier future.'[1]

Note on the Trade of Hongkong 1920–6.[2]

The trade position of Hongkong during the years 1920–6 is best illustrated by statistics of the shipping engaged in foreign trade. The numbers of vessels entering and clearing at Hongkong during each year of this period was as follows:

	Total Shipping.		*Vessels engaged in Foreign Trade.*		*Increase or decrease of Foreign Trade compared to previous year.*	
	Nos.	*Tonnage.*	*Nos.*	*Tonnage.*	*Nos.*	*Tonnage.*
1920	683,496	40,122,527	43,364	24,194,022	+1,379	+3,121,893
1921	672,680	43,420,970	52,222	27,852,616	+8,858	+3,658,594
1922	708,244	46,566,764	50,427	29,543,564	−1,795	+1,690,948
1923	778,222	53,402,239	49,900	35,011,533	−527	+5,467,969
1924	764,492	56,731,077	57,765	38,770,499	+7,865	+3,758,966
1925	678,211	48,826,863	41,336	32,179,053	−16,429	−6,591,496
1926	310,361	36,821,364	30,231	28,371,104	−11,105	−3,807,949

It will be seen that the tonnage engaged in foreign trade increased steadily from 1920–4 (the comparative smallness of the increase during 1922 was accounted for by the seamen's strike of that year), but the result of the anti-British boycott proclaimed by Canton in June 1925 was to convert the increase into a decrease, in the year 1925, considerably larger than the average annual rate of increase of the preceding five years. The effect of the boycott on shipping was clearly shown in the report of the Hongkong Chamber of Commerce for the year 1925.[3]

> The number of British steamers entered into the harbour of Canton during the period from August to December 1924 varied from 240 to 160 each month. During the corresponding period of 1925 the numbers varied between 27 and 2, practically all of these being the vessels of one British Company which maintained one steamer on the run at a loss, being prevented by pickets from handling any cargo. Prior to the boycott the carrying trade between various ports on the China coast and Canton and Swatow was largely in the hands of British Steamship Companies, but it is now entirely in non-British hands, principally Chinese, Japanese, and Norwegian; the latter mostly under charter to Chinese merchants. From July to December 1924, 681 British steamers entered the port of Swatow, as compared with 78 in the corresponding period of 1925, and even these 78 were prevented by boycott pickets from loading and unloading cargo.

With regard to the value of imports and exports, the official total for the year 1920, which was a record year, reached £200,000,000. During the next four years, the official figures showed an average of £130,000,000,

[1] *The Times*, 16th October, 1926.

[2] See the Colonial Office Annual Reports on Hongkong; *The China Year Book*, 1923–6; and *The Times*, 9th February and 24th May, 1926.

[3] Quoted in *The China Year Book*, 1926, p. 826.

but for 1925 the total was under £100,000,000.[1] The volume of trade had been decreasing, owing to the general political unrest, for some months before the boycott began in June 1925, but the immediate effect of the boycott may be illustrated by a comparison of the figures (in millions) for imports and exports for the first three quarters of 1924 and 1925 respectively.[2]

	1924			*1925*			
	Imports	*Exports*	*Total*	*Imports*	*Exports*	*Total*	*Total Decrease*
First Quarter	£19·3	£18·3	£37·6	£16·3	£15·2	£31·5	£6·1
Second Quarter	£17·1	£15·2	£32·3	£14·4	£14·1	£28·5	£3·8
Third Quarter	£19·2	£14·6	£33·8	£11·1	£7·5	£18·6	£15·2
Total (Three Quarters)	£55·6	£48·1	£103·7	£41·8	£36·8	£78·6	£25·1

On nine months of 1925, a total loss of about £25,000,000 as compared with the corresponding period of the previous year had thus been suffered, Great Britain's share of the loss amounting to about £2,780,000, or rather less than 12 per cent.

(γ) (ix) The Imposition of the Washington Surtaxes on the Maritime Customs in South and North, and the Dismissal of Sir Francis Aglen.

In the preceding section it has been mentioned that the Foreign Minister of the Nationalist Government, Mr. Chen, in his note of the 18th September, 1926, to the British Consul-General at Canton, announced that, from the 10th October onwards, his Government would collect a special consumption tax on imports, at the rate of $2\frac{1}{2}$ per cent. (5 per cent. in the case of luxuries), as well as a production tax, at the rate of $2\frac{1}{2}$ per cent., on exports. The imposition of these new taxes was linked, in Mr. Chen's note, with the termination of the boycott, which was to take place on the same date, by the declaration that the proceeds were to be spent upon indemnifying the strikers (in lieu of the indemnity originally demanded from Hongkong, which the Hongkong Government had steadfastly refused to consider). Mr. Chen was also reported to have made the following statement, in regard to the new taxes, in an identic note to the foreign Governments whose nationals were trading with the territories at that time under the Nationalist Government's control:

> It seems desirable to emphasize the fact that the new tax is in principle an internal tax to be distinguished from imposts levied as Customs

[1] *The Times*, 24th May, 1926. The Hongkong correspondent of *The Times* noted that the official figures normally understated the case and that the average for 1921–4 was actually nearer £200,000,000. He believed, however, that the figure of £100,000,000 for 1925 was approximately correct, and it therefore indicated a loss for the year of between 40 and 50 per cent.

[2] *Ibid.*, 9th February, 1926.

duties under the Chinese Maritime Customs. There is, of course, no intention of interfering with the latter as at present administered, though possible misunderstanding and friction would be avoided if the co-operation of the Maritime Customs should be available in the collection of the new tax by fiscal authorities to be appointed by my Government.[1]

In effect, of course, the so-called consumption tax on imports coincided with the provisional customs surtax of $2\frac{1}{2}$ per cent. on ordinary commodities and 5 per cent. on luxuries which had been contemplated in the Washington Treaty, relating to the Chinese Customs Tariff, of the 6th February, 1922;[2] and on the 26th October, 1925 (in pursuance of that treaty, which had been ratified on the 5th August, 1925), a Tariff Conference, attended by the representatives of the Peking Government and of the Powers concerned, had met at Peking.[3] This conference had come to an inconclusive end on the 3rd July, 1926; but, in the course of its proceedings, there had been a discussion of that clause (Article 3) in the Washington Treaty which provided that the surtaxes should be levied 'for such purposes and subject to such conditions' as the conference might determine. In this discussion, the British delegation—in contrast to other delegations, particularly the Japanese—had emphatically expressed the view that the levy of the surtaxes ought to be authorized forthwith and that the proceeds ought not to be ear-marked in advance for the consolidation of the unsecured foreign debt, but ought to be assigned by the conference with due regard to any reasonable proposition put forward by the Chinese delegates in harmony with the spirit and letter of the Washington Treaty.

It was true that the Government represented by Mr. Chen had not been recognized, either by Great Britain or by any other foreign Power, as the *de jure* Government of the Chinese Republic; that the imposition of the new taxes by Mr. Chen's Government had not received any authorization from the Tariff Conference; and that the Washington Treaty had contemplated that the surtaxes, if and when imposed, should be collected by the Maritime Customs Organization and not by some purely Chinese authority established for the purpose. Nevertheless, the position taken up by Great Britain during the Tariff Conference and defined in the declarations of the 28th May and the 3rd July, 1926,[4] would have made it difficult for the British

[1] *The Times*, 8th October, 1926.
[2] See *Survey for 1920–3*, Part VI, Section (iv) (4).
[3] The history of the Tariff Conference is given in the *Survey for 1925*, vol. ii, Part III, Section (viii).
[4] See *op. cit.*, Part III, Section (viii).

Government to offer active opposition (even if it had had the desire) to the imposition of the new taxes by the Nationalist Government on the 10th October. On the 4th November the British Government did join, 'with much reluctance, in the protest against the new taxes, for the sake of maintaining solidarity with the Powers'.[1] On the 18th December, however, they declared, in a memorandum communicated to the diplomatic representatives of the other Washington Treaty Powers at Peking, that 'they were not satisfied that this' was 'the right policy for the situation', and that, in their opinion, it was 'still not too late, despite the protest already made, to return to the alternative course proposed in the memorandum of the 28th May'. They therefore 'strongly' urged 'that the Powers should now authorize the immediate levy of the Washington surtaxes unconditionally throughout China'; and they expressed the hope that this might 'provide a basis for regularizing the position at Canton'.

Unfortunately, the policy put forward in the British memorandum of the 18th December, 1926, was frustrated, in this matter as in others, partly by lack of support from other Treaty Powers and partly by the fact that the several parties to the Chinese civil war were alike afraid that the implementing of the policy, however desirable in the interests of China as a whole, might turn out less to their own than to their opponents' advantage. The latter obstacle had been foreseen by the British Government, which had attempted to overcome it in advance in the following passage of the memorandum:

> Lest it be supposed that the grant of the surtaxes might favour one faction at the expense of the others and so provide a further incentive to civil war, His Majesty's Government deem it important to point out that, as no conditions would be attached to the grant, the proceeds of the surtaxes would not necessarily be remitted by the commissioners of customs to the custodian banks at Shanghai. It would in each case be for the competent Chinese authorities to decide all questions as to the disposition and banking of these additional revenues. His Majesty's Government would be glad to learn at the earliest possible moment whether the Powers agree to the unconditional grant of the Washington surtaxes.

Nevertheless, serious complications arose as the new duties were successively imposed by one *de facto* Chinese Local Government after another. The imposition by the Nationalist Government at Canton, which duly began within a day or two of the 10th October, 1926, the

[1] Memorandum communicated on the 18th December, 1926, by the British *chargé d'affaires* to the diplomatic representatives at Peking of the Washington Treaty Powers. For the circumstances in which this memorandum was communicated see Section (δ) (xii) (*a*) below. The full text is printed in the appendix to the present volume.

date announced beforehand, was promptly followed by similar action on the part of the Fengtien authorities at the port of Tsingtao in the former German leased territory in the Province of Shantung.[1] The Nationalists next announced that the new taxes were also to be collected at Hankow as from the 1st January, 1927.

'On the 12th January, the Peking authorities issued a mandate for the levying, as from the 1st February, of the Washington surtaxes at the rate of $2\frac{1}{2}$ per cent. on ordinary goods and 5 per cent. on luxuries, and orders were issued by the Revenue Council to the Inspector-General of Customs, Sir F. Aglen, that the additional duty was to be collected by the Customs through the whole of China and remitted to Peking. Marshal Sun Ch'uan-fang anticipated the date fixed by Peking and on the 20th January took steps to collect the surtaxes independently in the ports under his control. Sir F. Aglen was at this time at Hankow, and it was intimated to him by Mr. Eugene Chen that if the Chinese Maritime Customs attempted to collect these duties in the area controlled by the Nationalists, the Nationalist Government would assume control of the Customs in their territory and destroy the existing organization. The Diplomatic Body in Peking were unable, owing to the opposition of the Japanese Minister, to consent unanimously to the proposed levy, which the British Government had already agreed to in their memorandum of the 18th December; the Peking authorities insisted that the Customs should collect the surtaxes at all ports (including the South) from the 1st February; in view of the non-acceptance of the demand by all the Powers, Sir F. Aglen was unable to agree to undertake the collection; Chang Tso-lin and the Peking Government had already indicated their displeasure at Sir F. Aglen's action in going to Hankow and discussing matters with the Nationalists;[2] on the 31st January they dismissed him and appointed Mr. Edwardes (also a British subject) officiating Inspector-General in his place.

'This action led to a unanimous protest from the Ministers in Peking on the ground that it was a breach of the Chinese Declaration regarding the Chinese Customs Administration reported to the Washington Conference on the 4th February, 1922. The Peking Government thereupon modified their attitude, and it was arranged that Sir F. Aglen should go on leave for a year, during which time he should receive the treatment proper to the Inspector-General of Customs, and that at the end of the year he should retire. In the

[1] *The Times*, 14th October, 1926.

[2] Sir Francis Aglen appears to have gone to Hankow without asking the Peking Government's permission.

meantime Mr. Edwardes was to hold the post as acting Inspector-General. At the same time the proposal to levy the surtaxes through the Customs was dropped.'

Meanwhile, it had been reported from Mukden (in the Japanese sphere of influence in Southern Manchuria), towards the end of January 1927, that a Chinese attempt to enforce collection had been met by a stubborn, and successful, refusal on the part of the merchants, escorted by armed Japanese militia.

(δ) *The Vortex in the Yangtse Basin.*

(x) The Chinese Civil War: The Campaign of the Kuomintang against Wu P'ei-fu and Sun Ch'uan-fang in the South (down to the Occupation of the Native City of Shanghai by Chang Tsung-ch'ang).

The Northern Military Expedition of the Nationalist Government, which was destined to achieve such sensational success, was launched by General Chiang Kai-shek almost immediately after his personal position at Canton had been confirmed by the passage of the anti-Communist resolution in the Kuomintang conference on the 15th May, 1926.[1]

At this moment, both the internal and external situation were favourable to the enterprise. Within the bosom of the Kuomintang, the elements of the extreme left, and their Russian mentors, had been deprived of the initiative without being pressed so hard as to be driven into active revolt against the temporarily dominant moderate wing. In these circumstances the expedition, which was in furtherance of a common party aim, was calculated to draw the two wings together. The external situation, again, was favourable because the Yangtse Basin, which the Kuomintang aspired to conquer, was divided between several different régimes.

The three south-western provinces—Yunnan, Kweichow, and Szechuan (the latter the largest province in China, with an estimated population of nearly fifty million inhabitants)—had hitherto held aloof from the general civil war and had severally devoted themselves to their own internal dissensions.

The middle provinces—Hunan, Hupeh, and Honan—at this time paid allegiance to Wu P'ei-fu, whose authority thus nominally extended, south and north, from the Hunan-Kwangtung border (along the watershed between the Yangtse Basin and the rivers that flowed south to Canton) right up to Peking, which was now under the joint military occupation of Wu P'ei-fu himself and Chang Tso-lin. This

[1] See Section (γ) (vii) above.

northward extension of Wu's authority, however, had been purchased at the cost of the northern campaign of 1926 in the civil war;[1] and this campaign had drained Wu's military forces away from his southern border towards the northern theatre of operations, where they were still held—partly by the failure of the allied dictators to put the Kuominchün out of action, but even more, perhaps, by the hardly concealed rivalry between the two confederates. Wu's hold upon his southern territories was further weakened by the lack of good communications. From Peking southwards to Hankow on the Yangtse, and again from Wuchang, facing Hankow across the Yangtse, to a point in Hunan south of Changsha, there was a railway. In Southern Hunan, on the other hand, there was still a gap between the railheads of the two lines which were being built southwards from Wuchang and northwards from Canton respectively. For these reasons Wu P'ei-fu's position in Hunan was very weak at the moment when Chiang Kai-shek started his campaign.

Meanwhile, the five provinces lying to the east of Wu P'ei-fu's domain—that is, Kiangsi, Anhwei, Fukien, Chekiang, and Kiangsu—had all come under the control of Sun Ch'uan-fang. In 1924, Sun, as military governor of Chekiang, had fought under the banner of Wu;[2] but he had acted on his own account in the autumn of 1925, when he had driven the Fengtien forces out of Kiangsu;[3] and, from the moment when that conquest brought into his possession the immediate hinterland of the International Settlement at Shanghai he had aspired to become a dictator of the same stature as his former master Wu and his former master's rival Chang Tso-lin. Accordingly, he had refrained from participating in Wu and Chang's joint campaign against the Kuominchün, and towards the end of May 1926, when the Kuomintang armies had already invaded Wu's domain in Hunan, Sun proclaimed that he, in his domain, would neither interfere with other local Chinese authorities nor submit to interference from them, pending the establishment at Peking of a Central Government which he might see fit to recognize.[4] Sun would hardly have disinterested himself in the trial of strength between the Kuomintang and Wu if he had foreseen the rapid and complete defeat that Wu was to suffer. As it was, his policy of neutrality played into the hands of Chiang Kai-shek, who was thus able to attack Wu and Sun in succession and destroy them piecemeal.

Finally, the Nationalist armies were assisted in their campaign by

[1] See Section (β) (i) above.
[2] See *Survey for 1925*, vol. ii, Part III, Introduction.
[3] See Section (β) (i) above.
[4] *The Times*, 31st May, 1926.

political factors which were possibly more efficacious than the military operations themselves. In the Kuomintang, General Chiang Kai-shek had behind him an organization in which party discipline imposed some restraint upon the personal ambitions of individual leaders, whereas the forces in the field against him were led by mere gangs of military adventurers, in which no bond but the self-interest of the moment secured the loyalty of the henchman to his master, while sheer compulsion kept the common soldier in the ranks and extracted the sinews of war from the civilian population. Moreover, the membership of the Kuomintang Party was not confined to that small fraction of China which was under the control of the Nationalist Government on the 15th May, 1926. The ramifications of the Kuomintang extended all over the country; its programme promised to translate into effective action those deep and widespread national aspirations which were being ineffectively expressed by the general state of unrest; and its prestige was high, on the psychological principle of *omne ignotum pro magnifico*. So far, the actual benefits and drawbacks of the Nationalist régime were known only to the inhabitants of the single province of Kwangtung; and the truth that *plus ça change, plus c'est la même chose* is only acquired by hard experience. The inhabitants of a dozen provinces who knew and detested the rule of the Changs and Suns and Wus had yet to learn that the alleviation of their lot, which they confidently expected from the triumph of the Kuomintang, might prove illusory. Thus the 'warlords' who sought to withstand the Kuomintang armies in the field found themselves simultaneously assailed by the Kuomintang propaganda in their rear (effectively organized by skirmishing parties of Kuomintang agitators), and under this attack on two fronts their resistance crumbled, until their lieutenants, anticipating their discomfiture, gave them the *coup de grâce* by hastening to the assistance of the incipient victors.

At the moment, however, when they launched their Northern Military Expedition, neither the Nationalist leaders at Canton nor their Russian advisers appear to have foreseen how efficaciously the several factors, analysed above, were destined to work together for their good; and the extent of their success is credibly reported to have been a great surprise to them. Indeed, they were indebted for this to the folly of Wu P'ei-fu himself, who elected to attack the semi-independent Tuchün of Hunan, Tang Sheng-chih, at a time when Wu ought to have been concentrating all his energies on the northern campaign of the civil war.[1] This drove Tang, in the spring

[1] See Section (β) (i) above.

of 1926, to make overtures to the Nationalists;[1] and the Nationalists responded because they feared that if Tang were overthrown by Wu, Wu might then cross the watershed and descend upon Canton. Thus the Northern Expedition was originally undertaken by Chiang Kai-shek and Tang Sheng-chih in concert as a defensive measure, with the limited object of averting a threat to Canton by re-establishing Tang in Hunan; but the complete failure of Wu to organize any resistance transformed this offensive-defensive movement of the two southern allies into a triumphal march of the Kuomintang from Canton to the Yangtse.

The advance of the Kuomintang armies through Southern Hunan occupied nearly two months; but this delay was due to difficulties of transport and not to any armed resistance on the part of Wu; and after the 12th July, 1926, when they captured Changsha, the provincial capital, which was connected by railway with the north, their progress became rapid. Yochow, the Yangtse port of Hunan, fell on the 18th August—one day later than Kalgan was occupied by the allied forces in the northern campaign. On the 28th August it was announced that Feng Yü-hsiang (an adept at hitching his wagon to a rising star) had been admitted a member of the Kuomintang Party and had enrolled himself under the Nationalist Government's banner. The arrival of Kuomintang troops on the banks of the Yangtse caused the unhappy Wu to depart hurriedly, on the 22nd August, from the scene of his barren triumph in the north-west,[2] and on the 25th August he arrived at Hankow, but too late to save the situation.

Before the end of the month Chiang Kai-shek launched an offensive against the triple city of Hankow-Hanyang-Wuchang, bestriding the Yangtse—the administrative capital of Hupeh and the commercial capital of the whole of Central China. Hanyang and Hankow were occupied, on the 7th September,[3] by Nationalist forces which had crossed the Yangtse higher up and had advanced down its northern bank. Wu's garrison at Wuchang was thus cut off and invested, while Wu himself was driven northwards along the Hankow-Peking Railway. By the middle of September, the Nationalists had completed their occupation of Hupeh up to the Honan border, and Wu had withdrawn to Chengchow, at the point of intersection of the Peking-Hankow and the Lunghai Railway, just south of the Yellow River. Even the command of his last remaining province of Honan was now disputed with him by two of his own generals who were intriguing with the Nationalists and with Feng Yü-hsiang. Wuchang

[1] *China Year Book*, 1926, p. 1041.
[2] *The Times*, 24th August, 1926.
[3] *Ibid.*, 9th and 10th September, 1926.

fell on the 10th October, after a five weeks' siege. In this short campaign, Wu P'ei-fu's fortunes had been brought to an even lower ebb than in the autumn of 1924, when the treachery of Feng Yü-hsiang had caused the destruction of the army with which Wu had then been operating in Chihli against Chang Tso-lin.[1]

After the evacuation of Hankow by Wu, Sun Ch'uan-fang had departed from his declared policy of 'live and let live' by entering the field against the Nationalists (who, in the course of their campaign, had trespassed on Sun's province of Kiangsi), in the hope of restoring the balance of power in the Yangtse Basin by relieving Wuchang; but his intervention came too late, and he not only failed to prevent the fall of Wuchang but was thrown on the defensive by a serious Nationalist invasion of his south-westernmost province. During September and October the fighting in Kiangsi was inconclusive; but in the latter half of October Sun was menaced by the rebellion in his rear of the civil governor of Chekiang, supported by part, at least, of the provincial soldiery. A projected *coup d'état* at Shanghai, where a meeting of protest against the British naval action at Wanhsien[2] was to have been the signal for a rising, with the co-operation of a Chekiangese force from Hangchow, was frustrated by the efficiency of the Mayor of the Chinese city of Shanghai, Dr. V. K. Ting, who was loyal to Sun; the rising did not take place and the Chekiangese expeditionary force withdrew; but Sun was compelled to divert his energies to the re-establishment of his control over Chekiang.[3] This he accomplished by the end of October. On the 5th November, however, the Nationalists captured Sun's military head-quarters at Kiukiang on the Yangtse.[4] Thereupon, Sun abandoned the struggle for Kiangsi;[5] and this admission of weakness cost him the allegiance of the adjoining province of Fukien, where the civil governor hoisted the Kuomintang flag over Foochow, the provincial capital, on the 3rd December.[6] Chekiang, which was now open to invasion, declared its independence in the middle of the same month, and on the 16th December an advanced party of Nationalist troops from Kiangsi momentarily occupied Hangchow. Sun promptly recaptured the town, but his overthrow was only postponed. On the 16th February, 1927, after a lull in the operations of two months' duration, Sun suffered a signal defeat before Hangchow and lost not only that city, but the remainder of the province of Chekiang, to his Nationalist

[1] See *Survey for 1925*, vol. ii, Part III, Introduction.
[2] See Section (δ) (xi) below.
[3] *The Times*, 18th, 19th, and 21st October, 1926.
[4] *Ibid.*, 6th November, 1926.
[5] *Ibid.*, 10th November, 1926.
[6] *Le Temps*, 4th December, 1926.

opponents. Thereafter, Sun Ch'uan-fang, like Wu P'ei-fu after the fall of Hankow, virtually ceased to be an independent factor in the Chinese civil war, and two forces only—the Nationalist Government of the Kuomintang in the south and the 'Fengtien' group of military leaders, paying allegiance to Chang Tso-lin, in the north—were left in the field.

By this time the complete success of the Nationalists in their successive campaigns against Wu and Sun had not only transformed the whole internal situation in China but had profoundly affected the interests and the policies of foreign Powers, not least those of Great Britain.

The recall of Wu P'ei-fu by the menace from the south had left Chang Tso-lin in sole possession of the metropolitan province of Chihli and sole master of the shadow Government—now more shadowy than ever—at Peking; but Chang's interest would have been better served by a less thoroughgoing disaster to his ally than the complete collapse by which Wu was actually overtaken. In November, moreover, Wu suffered a fresh reverse—this time at the hands of Feng Yü-hsiang. Feng—reinvigorated either by his visit to Moscow or by his enrolment in the ranks of the Kuomintang—now reappeared in the field[1] and raised the siege of Sianfu,[2] the capital of Shensi (after it had been invested for more than six months by Wu's forces), thus breaking down the only barrier that remained between the north-western territories under his control and the extreme left wing of the Kuomintang forces in Hupeh. In these circumstances,[3] Chang Tso-lin, on the 18th November, 1926, held a council of war at Tientsin, which was attended in person not only by Chang himself and his henchman Chang Tsung-ch'ang, the military governor of Shantung, but by Sun Ch'uan-fang, as well as by representatives of Wu P'ei-fu. At this conference, the Fengtien leaders apparently proposed to throw their whole military power into the field against the Nationalists forthwith, and thus avoid those errors of half-heartedness and procrastination which had proved fatal to Sun and Wu. On the other hand, the two defeated 'war-lords' apparently preferred the risk that the last fragments of territory remaining to them might be conquered by the Nationalists to the certainty of losing command over them if they once passed under the 'friendly occupation' of the Fengtien forces. Eventually, Sun was induced to agree that Chang Tsung-ch'ang should move an expeditionary force down the railway from Tientsin to Pukow on the

[1] For Feng's visit to Russia and his return see Section (β) (i) above.
[2] *The Times*, 12th November, 1926. [3] See *The Times, loc. cit.*

Yangtse, opposite Nanking, on the understanding that these troops should not cross the Yangtse unless invited to do so by Sun. At the same time it was arranged—though not, in this case, with the concurrence of Wu P'ei-fu—that a second Fengtien expeditionary force should move down the Peking-Hankow Railway into Honan.[1]

Chang Tsung-ch'ang's advance was unimpeded, and his force arrived at Pukow on the 27th November. Their subsequent encounters, south and north of the Yangtse, with the Nationalist forces will be recorded in the *Survey* for 1927. The second force, which was under the direction of Chang Tso-lin himself, met with active opposition from Honanese free-lance troops, as well as passive resistance from Wu P'ei-fu's recalcitrant generals, and its progress was correspondingly slow. Although the ultimate objective of this second expedition was Hankow, it caused so little concern to the Nationalists that they did not reconsider their decision (taken about the time when Chang Tso-lin was holding his council of war at Tientsin) to transfer their capital to Wuchang from Canton. A commission of seven, headed by the Foreign Minister, Mr. Chen, left Canton at the end of November, to arrange for the administration of the newly acquired territories.[2] The formal transference of the Nationalist Government's capital took place during the second week in December.

(δ) (xi) Foreign Navigation on the Yangtse and the Wanhsien Incident.

The Yangtse Basin, which in 1926 was by far the largest and most populous of the five natural regions constituting the territories of the Chinese Republic,[3] was not one of the homelands of Chinese civilization. In the primitive and classical periods the centre of gravity of Chinese society had lain further north, in the basin of the Yellow River. It was only after the political unification of the Chinese world —a result achieved under the Ts'in and Han Dynasties (*c.* 220 B.C.–A.D. 172) and never afterwards permanently undone—that the Yangtse Basin became completely incorporated in the Chinese domain.[4] Thenceforward, however, the Yangtse region played an

[1] *The Times*, 22nd November, 1926.

[2] *Ibid.*, 15th and 19th November and 1st December, 1926.

[3] The other natural regions were (2) the southern littoral (provinces of Kwangsi, Kwangtung, Fukien, Chekiang); (3) the metropolitan area (provinces of Honan, Shantung, and Chihli); (4) the north-west (provinces of Shansi, Shensi, Kansu, Sinkiang); (5) the north-east (provinces of Fengtien, Kirin, and Heilung-kiang).

[4] In the twentieth century, unassimilated remnants of the pre-Chinese population were still to be found on the watershed between the Yangtse Basin

increasingly important part in Chinese history, especially during temporary periods of political disunion, when the Yellow River provinces were overrun by nomadic conquerors from the Great Eurasian Steppe. During two such periods at least (from A.D. 317 to A.D. 589, before the reunion of China under the Sui and T'ang Dynasties; and again from the latter part of the tenth century after Christ down to the completion of the Mongol conquest in A.D. 1280), the Yangtse Basin served as the political and cultural citadel of Chinese civilization. The relative economic importance of the Yangtse Basin was increased during the nineteenth century by the progressive opening of China to Western trade, since the Yangtse, like the Mississippi, lent itself admirably to the new Western invention of steam-navigation. In this process of commercial development the lead was taken by the British, who were the first of the Western commercial nations in the field. It was not till the close of the nineteenth century that the progress of railway construction—initiated by the Russians and carried on by the Japanese[1] in the new north-eastern provinces (which had been won, by Chinese agricultural colonization, from the nomadic tribes of Manchuria and Eastern Inner Mongolia)—gave rise to a commercial development in another quarter of China which was at all comparable to that which the British had set on foot in the Yangtse Basin half a century earlier. Thereafter, the Yangtse Basin came to be talked of as a predominantly British commercial sphere, in contrast to the Russian and Japanese spheres in the north-east. The comparison was inexact, since the British predominance in the Yangtse Basin was less far-reaching than the Japanese and Russian predominance in Manchuria, and was not based, as that was, upon railway or other monopolies.[2] Nevertheless, in 1926, the general supremacy of British trade on the Yangtse was still an outstanding economic fact, and this fact explains in some measure the political developments which took place, during that year, in this region.

The Yangtse was navigable for large ocean-going steamers as far up as Hankow (about 570 nautical miles from the mouth,[3] at the point where the river met its main left-bank tributary, the Han, and

and the southern littoral, in the province of Kweichow, and on the left bank of the Yangtse in the south-western corner of the province of Szechuan (territory of the Lolos).

[1] See *Survey for 1925*, vol. ii, Part III, Sections (iii) and (v).

[2] It had, however, received implicit recognition in a Sino-British exchange of notes of the 9th and 11th February, 1898, regarding the non-alienation of the Yangtse Basin by the Chinese Government.

[3] i.e. from Woosung.

was struck by the more westerly of the two railways running southward from Peking).[1] A foreign battleship of as much as 12,000 tons displacement had been known to reach Hankow, but this navigation of the river by ocean-going vessels—even by vessels of such comparatively small draft as torpedo-boat destroyers—was seasonal. It was limited to the summer months, when the discharge of the river was augmented by the summer rainfall and by the melting of the snows in Tibet, where its head-waters rose. Under the same conditions, steamers of ordinary construction, though not of heavy tonnage, could navigate likewise the next section of 367 nautical miles from Hankow to Ichang. The section of 400 nautical miles above this, between Ichang and Chungking, had been opened since 1919 to steam-navigation by specially constructed river-steamers of light draft and with engines sufficiently powerful to mount the rapids.[2] This achievement had brought steam-navigation into Szechuan—the most populous Chinese province (with an estimated population of 50,000,000).[3] For native junks, the passage of the rapids in the Ichang-Chungking section was a slow, laborious, and dangerous operation. On the other hand, they were able to ascend the river as far as Suifu, which was about 1548 nautical miles from the mouth,[4] or even as far as Pingshan, about 33 miles further, whereas Chungking, the limit of river-steamer navigation, was about 1,337 miles from the mouth, and Ichang, the limit of navigation for small steamers of ordinary build, about 937. The buoying and lighting of the waterway, as far as it extended (that is, up to Ichang), was carried out by the China Maritime Customs.[5]

The growth of international trade in the Yangtse Basin between 1842 and 1926 may be measured by the fact that, in addition to ten 'ports of call' on the river itself,[6] fifteen places had been declared open to such trade in this area between the years in question. Of these, twelve were 'ports' in the technical sense, that is, customs stations opened either by treaty between China and some foreign

[1] The other railway struck the Yangtse at Pukow, opposite Nanking.

[2] By 1926 there were about forty steamers of this type plying between Ichang and Chungking (*The Times*, 6th October, 1926). For further information regarding the opening of the Upper Yangtse to steam navigation, see the note at the end of this section.

[3] 49,782,810 according to the Chinese Post-Office Estimate of 1923.

[4] Junks could also reach Chengtu, the capital of Szechuan, via the left bank tributary which entered the Yangtse at Suifu.

[5] These geographical facts and figures are taken from *The China Year Book*, 1926, pp. 46–55; and from *The Times*, 10th September, 1926.

[6] List in *The China Year Book*, 1926, pp. 884–5. Of these, five had been opened for passengers and cargo by the Chefoo Agreement of the 13th September, 1876, and four for passengers by the Yangtse Regulations of August 1898.

Power or unilaterally by the Chinese Government. At eight of these ports, again, there were foreign settlements or concessions, some international and others held by particular countries, which numbered eleven in all in 1926. In the following list,[1] these places are given in geographical order from the estuary of the Yangtse upwards:

1. Shanghai (Treaty Port by Sino-British Treaty of 1842; British (afterwards international) Settlement 1843; French Settlement 1849).
2. Woosung (thrown open to foreign trade and residence in 1898 by Imperial Decree).
3. Soochow (Treaty Port by Sino-Japanese Treaty of 1895).
4. Chinkiang (Treaty Port by Sino-British Treaty of 1858; British Concession 1861).
5. Nanking (Treaty Port by Sino-French Treaty of 1858; General Foreign Settlement).
6. Wuhu (Treaty Port by Sino-British Treaty of 1870; General Foreign Settlement 1904, originally marked out in 1877 for a British Concession which was never taken up).
7. Pengpu (declared open to international trade August 1923).
8. Kiukiang (Treaty Port by Sino-British Treaty of 1858; British Concession 1861).
9. Hankow (Treaty Port by Sino-British Treaty of 1858; British Concession 1861, extended 1898; French Concession 1886, extended 1902; Japanese Concession 1898, extended 1906).
10. Yochow (declared a port by Imperial Decree 1898).
11. Changsha, reached from the Yangtse by navigation across the Tungting lake and up the River Siang or Heng (Treaty Port by Sino-Japanese Treaty of 1903; General Foreign Settlement 1904).
12. Shasi (Treaty Port by Sino-Japanese Treaty of 1895).
13. Ichang (Treaty Port by Sino-British Treaty of 1876).
14. Wanhsien (Customs Branch 1917).
15. Chungking (Treaty Port by Sino-British Treaty of 1890; Japanese Settlement 1901).

It will be noticed that, of these fifteen places, only one—namely Shanghai, adjoining the estuary of the Yangtse—was opened to international trade before 1860. The opening of ports up the river implied, of course, that the river itself had already been thrown open to navigation by foreign vessels, and this was not effected until the ratification in 1860 of the Sino-British Treaty of 1858, which provided (Article 10) that British ships should have authority to trade upon the Great River (Yangtse) and should be permitted to trade at ports, not exceeding three in number (in addition to Chinkiang,

[1] Compiled from *The China Year Book*, 1926, pp. 882–6.

which was named in the article), as far as Hankow. The rights thus acquired by Great Britain became available automatically to the vessels of all the other Powers entitled to most-favoured-nation treatment; and, with the opening of additional ports, the freedom of navigation was gradually extended up the river and its tributaries, above Hankow, southwards as far as Changsha and westwards as far as Chungking.

Thus, in 1926, foreign merchant ships, flying many different flags, were plying on the Yangtse up to a distance of about 1,337 nautical miles from its mouth; and, wherever these foreign merchant ships plied, foreign warships patrolled the waterway.

The foreign Governments which maintained such naval patrols on Chinese inland waters based their claim to do so on another clause (Article 52) of the Sino-British Treaty of 1858, which read as follows:

> British ships of war coming for no hostile purpose, or being engaged in the pursuit of pirates, shall be at liberty to visit all ports within the dominions of the Emperor of China, and shall receive every facility for the purchase of provisions, procuring water, and, if occasion require, for the making of repairs. The Commanders of such ships shall hold intercourse with the Chinese authorities on terms of equality and courtesy.

It will be noted that, apart from the implications of 'being engaged in the pursuit of pirates', the protection of foreign merchant ships and foreign settlements and concessions was not laid down, in this clause, as being the object for which foreign warships were to be permitted to visit Chinese ports, and also that such warships were to come 'for no hostile purpose' (presumably with reference to the lawfully constituted Chinese authorities). On the other hand, their range was not expressely limited to treaty ports or to waterways which, like the Yangtse, had been specifically opened to international trade.[1] In 1903, the State Department at Washington drew the inference that foreign warships were entitled to visit the inland ports of China, including those which were not treaty ports[2]—presumably up to any point of Chinese territory which it was physically possible to reach by water.

It has been explained that, during the high-water season, ordinary sea-going warships, not excluding second-class battleships, were physically able to navigate the Yangtse as far up as Hankow. In addition, four Powers—Great Britain, the United States, Japan, and France—were maintaining, in 1926, a special 'mosquito fleet' for service on Chinese inland waters. On the 1st December, 1926, this

[1] e.g. the West River in Kwangtung and Kwangsi and the Peiho in Chihli.

[2] Willoughby, W. W.: *Foreign Rights and Interests in China*, second edition, vol. ii, p. 854.

flotilla consisted of 15 British, 9 American, 10 Japanese, and 6 French gunboats, as well as 4 British sloops and 3 British launches.[1] On the Yangtse itself the British naval force normally consisted of ten gunboats, four of which were shallow-draft steamers of less than 200 tons displacement, carrying no guns larger than 6-pounders, while the other six were more formidable men-of-war.[2]

During the half-century preceding the Chinese Revolution of 1911, this flotilla had been an effective instrument of policy in the hands of foreign Governments, since at this time they had to deal with a Central Government at Peking in the shape of a dynasty which could no longer afford still further to diminish its prestige among its subjects by engaging in conflicts with better equipped Powers—conflicts in which Chinese subjects would suffer material damage and the Chinese state moral humiliation. Between 1911 and 1926, however, the situation had changed profoundly in two respects. The sovereignty of the Chinese Republic had become divided *de facto* among a number of military dictators and political factions which ruled not by prestige so much as by sheer force; and this force consisted of more or less effectively organized armies equipped with modern Western weapons—mainly imported but also, by this date, partly manufactured in Chinese arsenals. Thus, the presence of foreign gunboats on Chinese inland waters was no longer certain to produce its 'moral effect',[3] while, if the failure of 'moral suasion' led the foreign Powers to use force in warlike operations, their gunboats were now apt to encounter Chinese forces which were no longer entirely incapable of trying conclusions with them.[4] In such encounters, the foreign gunboats might still succeed in maintaining the ascendancy, but their very success might endanger the life and property of their nationals

[1] Statement made in the House of Commons at Westminster, on the 1st December, 1926, in answer to a parliamentary question.

[2] See a note by the naval correspondent of *The Times* in the issue of the 9th September, 1926. The six larger Yangtse gunboats all belonged to the 'Insect' class (a not very fortunate choice of nomenclature) which had been built during the General War of 1914–18 for use on the Danube in the event of the Dardanelles being forced, and which had been employed eventually for service in 'Irāq, as an afterthought when the Dardanelles Expedition had failed. These were vessels of 645 tons, carrying two 6-inch, one 3-inch A.A. and two 3-pounder guns apiece, with the exception of H.M.S. *Bee*, in which the after 6-inch gun had been removed in order to provide accommodation for the rear-admiral commanding the squadron.

[3] For the irritating psychological effect, on local Chinese Nationalist feeling, of the presence of foreign warships at Chungking, see a letter from Mr. C. M. Stubbs, of the West China Union University, Chengtu, in *The Manchester Guardian*, 26th November, 1926.

[4] For an acute analysis of these changes in the situation see an article by Mr. T. W. Millard in *The New York Times*, 3rd November, 1926.

resident in districts beyond the range of their guns—especially the lives of foreign missionaries, who, unlike foreign traders of Treaty Power nationality, were permitted to reside permanently and own property on Chinese soil outside the bounds of the foreign settlements and concessions.[1]

In 1926, the problem created by the presence of foreign warships on Chinese inland waters under the new conditions was suddenly brought to the forefront by a conflict at Wanhsien between the British Yangtse flotilla and General Yang Sen, a military leader who had been taking part in the civil war in Szechuan since 1918,[2] and who for the past four years had been paying a loose allegiance to Wu P'ei-fu.[3] The collapse of Wu, under attack from the Kuomintang armies, in the autumn of 1926,[4] left Yang Sen master of the region, on the Hupeh-Szechuan border, astride the Upper Yangtse between Ichang and Chungking.

The conflict between the British flotilla on the Yangtse and General Yang Sen was precipitated by British resistance to the practice—which had been established by Chinese military leaders, Yang Sen among them, in the course of the civil war—of commandeering foreign ships to transport their troops.[5] During the spring and

[1] See Section (δ) (xii) (*d*) below.

[2] Yang Sen first came into prominence as a supporter of the Yunnanese invaders of Szechuan, and subsequently turned against them.

[3] For Yang Sen's career see *The Times*, 10th September, 1926. For a less unfavourable account of Yang Sen from a British resident in Szechuan who was personally acquainted with him, see a letter from Mr. C. M. Stubbs in *The Manchester Guardian*, 15th September, 1926. Another Englishman, formerly resident in Szechuan, remarks, in a private letter to the writer of this *Survey*: 'Personally, I think he is one of the best of the Szechuanese leaders, and it seems most unfortunate that it should have been with him that we had to quarrel, but then he happens to have been a personal friend of mine.'

[4] For the southern campaign of 1926 in the civil war see Section (δ) (x) above.

[5] In principle, such action might have been held to be an exercise of the *jus angariae*—a term under which 'many writers on international law place the right, often claimed and practised in former times, of a belligerent deficient in vessels to lay an *embargo* on and seize neutral merchantmen in his harbours, and to compel them and their crews to transport troops, ammunition, and provisions to certain places on payment of freight in advance' (Oppenheim, *International Law*, 2nd edition, vol. ii, p. 446). By the twentieth century, however, the existence of this right had become doubtful. 'The facts that no case happened in the nineteenth century, and that International Law with regard to rights and duties of neutrals has become much more developed during the eighteenth and nineteenth centuries, would seem to justify the opinion that such angary is now probably obsolete, although some writers deny this' (*op. cit.*, *loc. cit.*). In China, at this time, the exercise of the right would seem to have been particularly open to question—in practice on account of the confused and shifting course of the civil war (which weakened the claim of this or that Chinese commander to exercise even well-established rights belonging to the Chinese Central Government), and in principle on account of the

summer of 1926 this practice had been growing, and the British gunboats on the Upper Yangtse had been called upon more and more frequently to clear British merchant steamers of such trespassers by sending armed parties on board. Each of these incidents involved the danger of a conflict, and in the end the conflict occurred. The situation, however, cannot be fully understood without looking beyond the immediate occasion and taking account of the deeper cause of friction, which is to be found in the long-standing unpopularity of foreign steam-navigation on the Upper Yangtse. This unpopularity can be traced back to several sources—the competition with and the swamping of native junks; the abuse of foreign flags for the transport of arms and munitions; the escape of foreign shipping from local taxation; and not least the previous incident at Wanhsien, in which the same foreign ships were concerned as in 1926.[1]

The facts of the 'Wanhsien Incident' of 1926 still remained—a year after their occurrence—exceedingly obscure;[2] and the following narrative is only offered as a provisional account, based on the altogether imperfect and partly conflicting evidence accessible. It appears that on the night of the 27th–28th August,[3] a British merchant steamer, the *Wanhsien*, belonging to the China Navigation Company, Ltd., was boarded at Wanhsien by 100 soldiers belonging to the command of General Kuo—a commander only loosely controlled by General Yang Sen—who demanded transport; and that H.M.S. *Cockchafer*, a British gunboat stationed at Wanhsien, intervened (on

fact that British subjects and other foreign Treaty Power nationals were still entitled in China to the benefit of the Capitulations.

[1] See the note at the end of this section on the history of steam-navigation on the Upper Yangtse.

[2] No papers relating to the Wanhsien incident had been laid on the table of the House of Commons at Westminster by the end of the year 1927, though on several occasions they had been called for from the Government by the Opposition. The account here given is based on the following sources of information: narrative in *The Times*, 8th September, 1926; British Admiralty communiqué of the 8th September regarding the naval action on the 5th (*The Times*, 9th September); information made public by the British Foreign Office (*The Times*, 13th September, 1926); statement by Mr. Baldwin in the House of Commons on the 28th September, 1926; narrative in *The Times*, 6th October, 1926; statement by an eyewitness of the action at Wanhsien on the 5th September, Mr. D. H. Davies, formerly an official of the China Maritime Customs (reproduced from *The North China Daily News* in *The Times*, 3rd November, 1926); statement by Captain Bates of the British merchant steamer *Wantung* (*The Times*, 30th November, 1926); statement by Sir Austen Chamberlain in the House of Commons, 1st December, 1926.

[3] This account, according to which the *Wanhsien* had been boarded and detained at Wanhsien by Yang Sen's troops, two days before the boarding of the *Wanliu* and the sinking of the *sampan* at Yunyang, is based on the narrative in *The Peking and Tientsin Times*, 18th September, 1926.

the double ground that the commandeering of a foreign merchant-ship was unwarrantable and that if the British owners and the British authorities acquiesced in this irregularity they would be committing a breach of neutrality in the Chinese civil war). The *Wanhsien* did not sail, but the soldiers remained on board and apparently made certain dispositions in order to prevent H.M.S. *Cockchafer* from ejecting them. On the 29th August, 1926, a party of Yang Sen's soldiers boarded the British merchant steamer *Wanliu*, likewise belonging to the China Navigation Company, Ltd., at Yunyang, on the Yangtse, about forty miles below Wanhsien, where she was discharging passengers. The boarding party attempted to carry the bridge and engine-room, rifle fire was opened on the ship from both banks of the river, and further parties of Chinese soldiers, in native boats (*sampans*), drew towards her. The ship's officers succeeded in driving the boarding party off the bridge and then put on speed, in order to evade seizure. At this moment one of the *sampans* carrying troops collided with another boat and sank. According to the Chinese account, the accident was caused by the wash of the *Wanliu* and resulted in loss of life.[1] The *Wanliu* proceeded to Wanhsien, where the British gunboat H.M.S. *Cockchafer* was stationed, and where Yang Sen had his headquarters. The intervention of H.M.S. *Cockchafer* induced the boarding party to evacuate the *Wanliu* and enabled the *Wanliu* to proceed on her course upstream.[2] Meanwhile, there had arrived at Wanhsien, in pursuit of the *Wanliu*, a party of soldiers from Yunyang on board the American steamer

[1] According to the narrative given by the correspondent of *The Times* (published on the 6th October, 1926) there were only eight men in the *sampan* which foundered and there was no reason to believe that any of these were drowned. In a statement made by the representative of the Peking Government, Mr. Chu, in the Assembly of the League of Nations on the 24th September, 1926, it was averred that on the 8th July, 2nd August, and 29th August several British merchant ships sailed up the Yangtse at full speed and wrecked a number of native wooden ships and small craft, causing over 100 passengers to be drowned. Apart from the question of the accuracy of these particular figures, it does appear that the capsizing of native craft by the wash of foreign steamers on the Yangtse was a not infrequent occurrence and was a standing source of grievance against the foreigners on the part of the Chinese boatmen (who also of course suffered commercially through foreign competition as the steamer traffic established itself on one section of the Yangtse after another).

[2] Incidentally, H.M.S. *Cockchafer* appears to have delivered a few bursts of machine-gun fire as a demonstration, in order to disperse a party of troops who were taking up positions under cover of the foreshore with the apparent intention of opening fire on her. This fire, which was deliberately aimed short, appears to have caused these troops to disperse without inflicting casualties (*The Peking and Tientsin Times*, 18th September, 1926). On the other hand, it was alleged, on the Chinese side, that two of the Chinese soldiers ejected from the *Wanliu* by a party from H.M.S. *Cockchafer* received wounds.

Iping; and as the *Wanliu* steamed off from Wanhsien, a fresh body of troops, from Wanhsien itself, boarded the steamer *Wanhsien* under direct orders from Yang Sen. Yang Sen informed the commander of H.M.S. *Cockchafer* that he intended to arrest every British ship until further reparation had been made for the alleged sinking of the *sampan* by the *Wanliu*. His troops posted themselves on the *Wanhsien* in positions commanding H.M.S. *Cockchafer*, which was thus immobilized. The same evening another British merchant steamer, the *Wantung*, arriving at Wanhsien from Chungking, was also boarded by Yang Sen's troops. On the 30th, the six British officers of the two occupied merchant steamers were made prisoners in their quarters. On the 31st, communication between H.M.S. *Cockchafer* and the shore was stopped and supplies were cut off. When the gunboat's own *sampan* went ashore, the boatman was murdered.[1]

On the 1st September the British Consul stationed at Chungking arrived at Wanhsien on board the merchant steamer *Tienkwang* and, under instructions from the British Minister at Peking, attempted to negotiate with Yang Sen (who had refused to negotiate with the Commander of H.M.S. *Cockchafer*) from the 2nd September to the 5th. The suggestion placed before Yang Sen was that there should be an inquiry into the incident of the 29th August at Yunyang; and an undertaking was given that, if the *Wanliu* proved to have been at fault, compensation would be paid.[2] Yang Sen, however, declined to release the two British ships, with their crews and officers, unless a stated sum,[3] in compensation for the alleged sinking of the *sampan*,

[1] H.M.S. *Cockchafer* stood so low in the water that in any case it would have been impossible for her to release the ships' officers held as hostages on board the SS. *Wanhsien* and *Wantung* by approaching the captured ships herself.

[2] According to *The Times*, 8th September, 1926, the British proposals were as follows:

(1) That an inquiry should be held into the circumstances of the accidental sinking of the *sampan* by the *Wanliu*;

(2) That the British officers should be released and the Chinese soldiers withdrawn from the *Wantung* and the *Wanhsien*, which should then be detained in custody of a British gunboat pending arrival of the *Wanliu*;

(3) That a sum mutually to be agreed upon should be deposited with some person or institution at Wanhsien or Chungking pending result of findings of court or arbitration board.

This would appear to be the form in which the proposals were drafted by the British Minister at Peking; but there seems to be no evidence that instructions embodying this precise formula reached the British negotiator at Wanhsien in time for him to communicate the text to Yang Sen.

[3] The amount demanded by Yang Sen was reported to be $85,000 (*The Times*, 6th October, 1926). He appears to have claimed that 56 men were drowned and a large quantity of money sunk.

were paid to him without a previous inquiry into the facts. Meanwhile, the British Minister at Peking had sent a message to Wu P'ei-fu asking him to telegraph instructions to Yang Sen to withdraw his troops and guaranteeing compensation if it were proved that the British had been to blame. Wu duly took action, but at this moment he was on the point of collapse, and Yang Sen replied by imprisoning the bearer of the message.[1]

'It was in these circumstances that His Majesty's Government reluctantly decided that, if a solution by conciliatory measures proved in the last resort impossible, the only alternative was to use force to rescue the imprisoned ships' officers.'[2] Accordingly, H.M.S. *Widgeon* was ordered to Wanhsien from Chungking, while a naval expedition, composed of detachments from H.M.S. *Despatch*, *Scarab*, and *Mantis*, stationed downstream, was mobilized at Ichang on board the British shallow-draught merchant steamer *Kiawo*. This expeditionary force arrived off Wanhsien on the 5th September with instructions to board the *Wanhsien* and the *Wantung*, rescue the six officers, extricate H.M.S. *Cockchafer*, and if possible cut out the two merchant ships themselves. General Yang Sen had obtained information that the expedition was on its way, and he had threatened to open fire on H.M.S. *Cockchafer* if she moved or attempted to deliver an ultimatum.[3] He had been warned in return that, if his troops did open fire, H.M.S. *Cockchafer* would bombard certain points in the city of Wanhsien;[4] and these points had been selected in advance by the commander of the British gunboat with an eye to limiting the bombardment (should the occasion for it arise) to military positions and sparing civilian life and property as far as might be possible. On the evening of the 25th September the *Kiawo* arrived off Wanhsien with the British expeditionary force on board and ran alongside the steamer *Wanhsien*. She was received with rifle and machine-gun fire, which she returned; troops and batteries on shore then opened fire; and H.M.S. *Widgeon* (which had arrived earlier in the day) and H.M.S. *Cockchafer* (which now recovered her freedom of action) replied by bombarding the Chinese troops engaged as well as the previously

[1] Foreign Office statement, 13th September, 1926.

[2] Statement by Mr. Baldwin, 28th September, 1926. This decision appears to have been taken in London on the 3rd September.

[3] According to *The Peking and Tientsin Times*, 18th September, 1926, a message from the British Rear-Admiral on the Yangtse, authorizing the issue of an ultimatum in this case, had been received by the British authorities at Chungking on the 30th August. There appear to have been previous cases in which British gunboats at Wanhsien had actually delivered ultimatums to the local Chinese authorities.

[4] Foreign Office statement (*The Times*, 13th September, 1926).

selected points on shore. The British force failed to cut out the two merchant steamers, but in the course of the action, which lasted for about an hour, the six imprisoned merchant marine officers escaped and five of them swam to safety, while the sixth lost his life. The casualties in the British expeditionary force were three officers and four seamen killed, two officers and thirteen seamen wounded.[1] On the Chinese side, no return of casualties among the combatants appears to have been forthcoming, while there was a wide divergence between the figures for Chinese civilian losses as estimated by the Chinese themselves and by the British respectively. The representative of the Peking Government, Mr. Chu, stated at Geneva, on the 24th September, 1926, that over a thousand houses had been destroyed and thousands of civilians killed. A British report, based on subsequent investigation on the spot, estimated that twenty houses had been destroyed and less than 100 civilians killed and 140 wounded.[2] In this deplorable affair the killed and wounded—non-combatant and combatant, British and Chinese, whatever their total number may have been—were all alike victims of the situation produced by a conjunction of circumstances: the disorder of the Chinese civil war, the peculiar established rights of foreign nationals and foreign Governments in China, and the local Chinese feeling in regard to foreign navigation on the Upper Yangtse.

The British flotilla withdrew, after the action, from Wanhsien to

[1] Statement by Mr. Baldwin, 28th September, 1926.

[2] The Chinese represented the operations of the British expeditionary force as a bombardment of an undefended town. There seems no doubt that Wanhsien was 'strongly garrisoned', that the garrison opened fire on the British ships, and that the fire of the latter 'was directed solely at military objectives in order to silence the hostile fire' (statement by Sir Austen Chamberlain, 1st December, 1926). On the other hand, the French Catholic Cathedral at Wanhsien (which was not a military objective) was accidentally struck by a shell, which did some damage to one of the towers. For the efforts made by the British force to spare civilian life and property, see the statement of an eyewitness, Mr. D. M. Davies (*The Times*, 3rd November, 1926). At the same time, even on the assumption that the losses inflicted on civilians were unintentional, and also that in this matter the figures in the British estimate approximated to the truth more nearly than those in the Chinese, it was a tragedy that civilians who had no responsibility for and no control over the course of events should have suffered at all. It will be seen from this note that, at the end of the year 1927, the amount of the losses inflicted on civilians was still quite uncertain. Indeed, it is not easy to see how the facts could have been ascertained except by an authoritative joint Sino-British investigation; and this seems to have been ruled out—if only by the material obstacle that Wanhsien did not happen, either at that time or at any time during the following year, to fall within the domain of either the Hankow Government, the Peking Government, or any other *de facto* political authority claiming to represent China as a whole.

Ichang, and thereafter Yang Sen—who was now in danger of attack from the Kuomintang [1]—came to terms with the British authorities. He sent a representative to Ichang to confer there with the senior British naval officer on the Yangtse, Rear Admiral Cameron, and with the British Consul stationed at Ichang; and, as a result of these negotiations, the two impounded British merchant steamers, the *Wanhsien* and the *Wantung*, were sent down the river and restored to British control on the 28th September.[2]

Meanwhile, the affair of the 5th September had led to an anti-British boycott, which tended to develop into a general anti-foreign movement, not only at Wanhsien itself and at Chungking but at Chengtu, the capital of Szechuan (which was not a treaty port but was the seat of a considerable community of foreign missionaries). The province of Szechuan was at this time the scene of a struggle for power between two local factions, one allied to the Kuomintang and the other to the opponents of the Kuomintang in the country at large; and the spontaneous feelings aroused among the local population by accounts of what had happened at Wanhsien appear to have been stimulated and exploited by the pro-Kuomintang Party as an asset to themselves in their rivalry with their local Chinese opponents. At Chungking the situation became so threatening that, on the 17th September, the British women and children were evacuated by steamer.[3] About twenty British bungalows on the neighbouring hills were looted and wrecked, but no British subjects appear to have suffered personal injury. After the restitution of the two British merchant steamers, a British flotilla of three gunboats, together with the armed merchantman *Kiawo*, went up river again to Wanhsien and Chungking with the Chungking consul on board.[4] At Chengtu there were anti-British demonstrations on the 1st and 5th October, but no attacks on foreigners or their property.[5]

'On the 2nd November, the Wai-chiao Pu [Ministry of Foreign Affairs at Peking] addressed a note to H.M. Minister placing on record a formal protest against the bombardment of Wanhsien by British gunboats, and reserving all the rights of the Chinese Government as regards claims to be presented later for full return of the

[1] The Kuomintang were at one moment reported (*The Times*, 12th October, 1926) to have offered Yang Sen a military command. Whether or not any overtures were really made, they came to nothing, for the Kuomintang were operating against Yang Sen in December (*The Times*, 15th December, 1926).

[2] *Ibid.*, 17th, 21st, and 30th September, 1926.

[3] *Ibid.*, 21st September, 1926.

[4] *Ibid.*, 7th October, 1926.

[5] For the repercussions in Szechuan of the Wanhsien incident see *The Times*, 12th, 13th, and 26th October, 1926.

damage done to life and property in the city of Wanhsien and for other equitable redress.'[1] As early as the 24th September a statement on the subject had been communicated by the representative of the Peking Government, Mr. Chu, to the League Assembly at Geneva, whereupon the British representative, Lord Cecil, had pointed out that Great Britain had been given no notice that the matter was to be raised, and had declared that Mr. Chu's statement did not agree with the British Government's view of the facts.

The Wanhsien affair was a startling and tragic illustration of a state of affairs which had already been in existence for some time and which became still more acute thereafter. As has been mentioned above, there had been previous cases of foreign merchant steamers on the Yangtse being commandeered by Chinese military commanders—for example, the *Wanliu* and the *Wantung* themselves early in the summer of 1926 as well as in August, and the American steamer *Chi Chuen* in February 1925[2]—and also cases of unprovoked and indiscriminate firing at passing foreign merchant steamers by Chinese troops stationed on the banks of the river. This latter practice was adopted, and carried on with an unprecedented intensity, by the Kuomintang forces as soon as the fall of Yochow, the Yangtse port of Hunan, on the 18th August, 1926, gave them command of a section of the Yangtse waterway, and the matter became more serious as the Kuomintang control was extended progressively up and down the river. During the first week in September, for instance, the British merchant steamer *Luenwo* was fired on below Hankow;[3] and one Chinese passenger was killed, and another wounded by firing from the shore, on board the British merchant steamer *Tuckwo*.[4] The American merchant steamer *Iling* was bombarded on the 4th September;[5] two American sailors were slightly wounded as the result of firing on the 3rd September at the U.S. torpedo-boat-destroyers *Stewart* and *Pope*;[6] on the 7th and 8th September the British merchant steamer *Kiangwo*, which was bringing down the British sailors wounded in action at Wanhsien, was twice compelled by fire from Hanyang to turn back, so that the wounded had to be transported in an American destroyer and the *Kiangwo* herself to be escorted by a British gunboat;[7] the British gunboat H.M.S. *Bee* was shelled off Hankow on the 6th September;[8] in the second week in September a French merchant steamer on the Yangtse was fired on

[1] Statement by Sir Austen Chamberlain, 1st December, 1926.
[2] *The Times*, 21st February, 1925.
[3] *Ibid.*, 9th September, 1926.
[4] *Ibid.*, 11th September, 1926.
[5] *Ibid.*, 14th September, 1926.
[6] *Ibid.*, 11th, 13th, and 14th September, 1926.
[7] *Ibid.*, 14th September, 1926.
[8] *The Times, loc. cit.*

by Kuomintang troops;[1] the U.S. gunboat *Pigeon* was fired on on the 17th September;[2] in October, one man was killed and another wounded on board the French gunboat *Alerte* by Chinese fire from the shore;[3] during the same month the American merchant steamer *Iping* was fired on between Shasi and Ichang,[4] and H.M.S. *Bee* was also fired on for the second time.[5] These cases do not constitute an exhaustive list but present a sample of incidents which, from September 1926 onwards, came to be of almost daily occurrence.

It is true, of course, that during the period in question various sections of the Yangtse waterway were at different times the scene of operations in the southern campaign of the Chinese civil war. For example, from the 7th September to the 10th October a garrison of Wu P'ei-fu's troops in Wuchang was being besieged by the Kuomintang forces not only from the landward side but from Hanyang and Hankow on the opposite bank of the river;[6] and it is conceivable that on certain occasions the projectiles which struck foreign ships may have been aimed at Chinese targets and have been intercepted by the ships through their inadvertently crossing the line of fire. About the middle of September, Chiang Kai-shek requested the Consular Body at Hankow that all foreign warships should be withdrawn from the Hankow war-zone between the hours of sunset and sunrise as a precaution against accidental hostile action;[7] but this demand was not complied with—presumably on the ground that the foreign warships were required to remain at their stations for the protection of the foreign concessions.

In any case, the firing on foreign ships was too frequent, and in certain instances also too heavy, to be explained simply as an incidental effect of the Chinese civil war along the Yangtse waterway. When the foreign ships under fire were warships the question arose whether they should retaliate. At first they appear to have refrained;[8] but this Christian conduct did not outlast the repetition of the provocation;[9] and eventually retaliation appears to have been sanctioned by all the Governments concerned—with more or less reluctance as the case might be.[10]

[1] *The Times*, 17th September, 1926.
[2] *Ibid.*, 21st September, 1926.
[3] *Ibid.*, 14th October, 1926.
[4] *Ibid.*, 19th October, 1926.
[5] *The Times, loc. cit.*
[6] Section (δ) (x).
[7] *The Times*, 21st and 22nd September, 1926.
[8] e.g. the U.S. destroyers *Stewart* and *Pope* on the 5th September, 1926, and H.M.S. *Bee* on the 6th September, 1926.
[9] e.g. the *Stewart*, *Palos*, and *Pigeon* of the U.S. Yangtse Patrol retaliated on or before the 10th September, 1926 (*The Times*, 14th and 21st September, 1926).
[10] For the reluctance of the U.S. Government see *The Times*, 13th September, 1926.

Furthermore, the foreign Powers, so far from withdrawing their naval flotillas from the Yangtse, all (with the exception of France) dispatched naval reinforcements to Chinese waters before the end of the year in view of the increasingly precarious position of foreign nationals in the Yangtse region. The following table of British, American, Japanese, and French warships in Chinese waters on the 1st December, 1926, was printed in the official report of the proceedings on that date in the House of Commons at Westminster.

'The numbers of British, American, Japanese, and French Warships in Chinese waters are as follows:

	British	*American*	*Japanese*	*French*
Cruisers	4*	1	1	1
Aircraft carriers	1	–	–	–
Destroyers	9	8	1	–
Minesweepers	2†	1‡	–	–
Depot ships	3§	–	–	–
Submarines	12	–	–	–
Sloops	4	–	–	–
River gunboats	15	9	10	6
Launches	3	–	–	–
Surveying ships	2	–	–	–
Yachts	–	1	–	–
Special Service ships	–	–	1	–
Dispatch vessels	–	–	–	1

* One other cruiser (*Durban*) is absent from the station at the present time, but is now en route for China, and is due at Hongkong on the 15th January.

† One is employed as a dispatch vessel, and the other as a submarine tender.

‡ American mine sweepers are sometimes referred to as gunboats or mine sweeping gunboats.

§ Includes *Tamar*, which is a stationary hulk at Hongkong.

Details of Warships in excess of numbers usually stationed in Chinese waters and their time of arrival.

British.—The aircraft carrier and the destroyers are reinforcements which joined the China Squadron in October.

American.—The Americans have had in Chinese waters:

1 cruiser,
8 destroyers.

French.—There has been no addition to the Far Eastern Division this year.

Japanese.—The Japanese have in Chinese waters two ships in excess of normal at present:

1 destroyer,
1 special service ship.

I cannot say for what period ships in excess of normal may be expected to remain.' [1]

[1] Hansard, House of Commons, 1st December, 1926, pp. 1177–8. Compare *The Times*, 23rd September, 1926.

During December further British reinforcements were dispatched. One cruiser, the *Enterprise*, left Bombay for Hongkong on the 4th December, while a second, the *Caradoc*, had left Malta by the 17th. By the middle of January 1927, there were eight British cruisers in Chinese waters [1]—three off Nanking, two at Shanghai, and three at Hongkong [2]—and early in February four additional cruisers, belonging to the First Cruiser Squadron, arrived at Hongkong.[3] By that time two more cruisers, making four altogether, had been ordered to Shanghai. The Fourth Destroyer Flotilla was ordered to China from Malta in the middle of December 1926,[4] and the Eighth Destroyer Flotilla left early in February 1927. Two additional river gunboats were also ordered to China from the reserve at Malta in February.[5]

On the 24th January four Japanese destroyers left Sasebo for Shanghai to reinforce the Japanese squadron there, and at the beginning of February a cruiser and four more destroyers were ordered to Sasebo, whence they could proceed to Shanghai if necessary.[6] Two Japanese cruisers were dispatched to Shanghai at the beginning of March, and a third on the 2nd April.[7]

Towards the end of March three United States destroyers left Manila for Swatow,[8] Foochow and Amoy respectively, and four additional destroyers were ordered to Shanghai in the middle of April.[9] By the end of April the naval forces of the Powers on the Yangtse numbered over 100 vessels,[10] 43 (including 9 British) being at Shanghai and 36 (including 13 British) at Hankow. All British ships above Hankow had been withdrawn by the end of April.[11]

Note on the History of Steam Navigation on the Upper Yangtse (Ichang-Chungking Section).

The Anglo-Chinese Convention concluded in 1876 at Chefoo provided (Section III, Art. 1) as follows:

Residence of British Officers at Ch'ung K'ing to watch British Trade.

The British Government will, further, be free to send officers to reside at Ch'ung K'ing (Chungking) to watch the conditions of British trade in

[1] See *The Times*, 13th January, 1927, for the distribution of British naval forces in Chinese waters at this date.

[2] Including the flagship *Hawkins*, under refit, and the *Durban* due on the 15th January.

[3] *The Times*, 9th February, 1927.

[4] *Ibid.*, 18th December, 1926.

[5] *Ibid.*, 13th January and 9th February, 1927.

[6] *Ibid.*, 25th January and 7th February, 1927.

[7] *Ibid.*, 4th March and 2nd April, 1927.

[8] *Ibid.*, 25th and 26th March, 1927.

[9] *Ibid.*, 16th April, 1927. Three American cruisers had been ordered to Honolulu at the end of January—presumably for use in Chinese waters if required (*ibid.*, 31st January and 5th February, 1927).

[10] For details see *The Times*, 28th April, 1927.

[11] *Ibid.*, 8th April, 1927.

Ssu-Ch'uen (Szechuan). British merchants will not be allowed to reside at Ch'ung K'ing, or to open establishments or warehouses there, so long as no steamers have access to the port. When steamers have succeeded in ascending the river so far, further arrangements can be taken into consideration.

In 1890, the Chefoo Convention was supplemented by an additional article to the following effect:

I. Ch'ung K'ing shall forthwith be declared open to trade on the same footing as any other treaty port.

Traffic between Ichang and Ch'ung K'ing.

British subjects shall be at liberty either to charter Chinese vessels or to provide vessels of the Chinese type for the traffic between Ichang and Ch'ung K'ing.

Merchandise conveyed between Ichang and Ch'ung K'ing.

II. Merchandise conveyed between Ichang and Ch'ung K'ing by the above class of vessels shall be placed on the same footing as merchandise carried by steamers between Shanghai and Ichang, and shall be dealt with in accordance with Treaty, Tariff Rules, and the Yang-tsze Regulations.

Access of British Steamers to Ch'ung K'ing.

V. When once Chinese steamers carrying cargo run to Ch'ung K'ing, British steamers shall in like manner have access to the said port.

It will be seen that this additional article, by the condition imposed in Clause v, was calculated to postpone the navigation of the Upper Yangtse by foreign-owned steamers for an indefinite time to come. On the other hand, it opened the Upper Yangtse forthwith to foreign trade in Chinese bottoms; and a foreign-chartered junk traffic flourished from the 'nineties' of the nineteenth century until after 1911, when it began to suffer simultaneously from the advent of steamers in these waters and from the disorders arising from the Chinese Revolution (disorders from which junks suffered more severely than steamers, since they were more at the mercy of brigands or military leaders who commanded the shores of the river).

Meanwhile, in 1895, the Ichang-Chungking section of the Yangtse had been opened unconditionally to foreign steam-navigation by the Sino-Japanese Peace Treaty of Shimonoseki (Art. 6); in 1898 the first steamship —a launch sent up by an Englishman, Mr. A. T. Little—had reached Chungking; and in 1900 Chungking had been reached again by two British river gunboats and also by a second (larger and more powerful) steamer belonging to Mr. Little; but regular steamer traffic on the Upper Yangtse did not begin till 1909, when another Englishman, Captain Plant (who had commanded the steamer sent up to Chungking by Mr. Little in 1909 and who had since been studying the problem on the spot), started to navigate the Upper Yangtse in a new steamer, built in England to his own design, for a Chinese company. Thenceforward, steamers and junks plied side by side on the Upper Yangtse; but for the next eight years the steamers as well as the junks were Chinese-owned; and during this phase the conflict of interests between the old and the new style of shipping was kept within bounds.

The junk traffic stood to suffer in two quite different ways from the advent of steamers—by losing business to more efficient competitors, and by being swamped in the wash which the steamers made. The first difficulty was met by an understanding that certain lines of business, especially the transport of wood-oil, should be reserved for the junkmen. The second difficulty was not so readily overcome. This section of the river was full of rapids which were dangerous to junks at all times—even without the wash of a passing steamer to make the danger prohibitive; the junks were often unseaworthy and overloaded; and, for a steamer ascending the stream, it was not always possible to show consideration to a passing junk by reducing speed without danger to the steamer herself. In the 'provisional rules for preventing collisions between steamers and junks and for the granting of collision indemnities between steamers and junks', which were promulgated in 1910 by the Szechuan provincial authorities and the China Maritime Customs, an attempt was made to meet this practical difficulty of navigation by placing on the steamers the onus of establishing their innocence in cases in which junks had sustained damage.

These arrangements, which appear to have worked fairly smoothly from 1909 to 1917, were upset when, in 1918, the local developments of the disorders not only brought the chartered junk traffic on the Upper Yangtse practically to a standstill, but made it almost impossible even for steamers to ply on the Upper Yangtse under the Chinese flag. The result was that a number of Chinese steamship companies took advantage of certain loopholes in British company law in order to obtain British registration for themselves and their vessels; and though this abuse of foreign privilege was speedily put right, as far as the British Government was concerned, by the bringing into force of a China (Companies) Amendment Order in Council in 1919, the Chinese owners found other foreign flags to shelter them. In 1925, out of forty-eight steamers plying on the Upper Yangtse in that year, there were seven registered as French, nine as Italian, and five as Swedish, all of which were really Chinese-owned.

This device (to which it was perhaps pardonable for harassed Chinese shipowners to resort, but hardly pardonable for foreign Governments to lend themselves) increased the unpopularity and diminished the prestige of foreign flags in the eyes of local Chinese authorities, and so made it more difficult for the naval and consular authorities of the foreign Powers to secure respect for their national flags when the Upper Yangtse came to be navigated by steamers which had a moral as well as a legal claim to their protection. This difficulty was enhanced by the fact that the first genuinely British steamer to ply on the Upper Yangtse—the *Longmow*, which was put on the river by Messrs. Mackenzie & Co. in 1920—was felt by the Chinese to have offended against the existing rule of the river in both those matters in which the interests of steamers and junks conflicted. In her navigation of the stream she apparently failed to show that degree of consideration for the safety of junks which custom and regulations alike demanded; and in her trading operations she was considered by the Chinese to have infringed the spirit, if not the letter, of the arrangements under which the carriage of wood-oil was reserved, at least for a certain close-time in the year, to the junkmen. In June 1924, Chinese resentment on this second account came to a head in a riot at a river port where this

British steamer was in the act of taking a cargo of wood-oil on board. In this affair, an American consul was killed in attempting to pacify the mob; the mob was dispersed by a British gunboat firing a round of blank; and the leaders of the *émeute* were brought to justice under pressure of a threat from the gunboat to bombard the place in earnest. It may be noted that by the time when this incident occurred the *Longmow* had been bought by the China Navigation Co., Ltd., and rechristened the *Wanliu*; that the gunboat which intervened was H.M.S. *Cockchafer*; and that the place where the incident occurred was none other than Wanhsien. A rankling memory of this occasion may partly account for the intransigence which was displayed on the Chinese side when the *Wanliu* and H.M.S. *Cockchafer* were again involved in an incident at Wanhsien (this time apparently through no fault of the *Wanliu*) two and a quarter years later.

(δ) (xii) Relations between the Kuomintang and Great Britain, 10th October, 1926–19th February, 1927.

(*a*) Introductory

In the general introduction to this part of the present volume, it has been suggested that the outstanding events in the internal history of China during the year 1926 were the fading out of the Central Government at Peking—an event which may be said to have been consummated when Peking was occupied by Chang Tso-lin and Wu P'ei-fu in their joint campaign against Feng Yü-hsiang [1]—and the rise of the Kuomintang—an event which was signalized by the conquest of the Yangtse Basin by the Kuomintang armies in their campaign against Wu P'ei-fu and Sun Ch'uan-fang, and by the subsequent removal of the seat of the Kuomintang Government from Canton to Wuhan (Greater Hankow).[2] This shifting of the political centre of gravity in China itself was followed, before the year closed, by a corresponding change in the policy of the foreign Powers in contact with China—a change in which the initiative was taken by Great Britain. The Tariff Conference which opened at Peking on the 26th October, 1925, and closed on the 3rd July, 1926,[3] and the sessions of the Extra-Territoriality Commission, which opened at Peking on the 12th January, 1926, and closed on the 16th September, 1926,[4] represented the final efforts of the Powers to deal with the moribund Peking Government as the Central Government of all China. Sir Miles Lampson's visit to Hankow on the 8th–17th December, 1926,[5] was the first attempt on the part of a foreign Power to arrive at a direct working arrangement with the Kuomintang Government. The way for this had been opened by the lifting

[1] See Section (β) (i) above.
[2] Section (δ) (xii) (*c*) below.
[3] See *Survey for 1925*, vol. ii, Part III, Section (viii).
[4] See Section (β) (iii) above.
[5] See Section (δ) (xii) (*c*) below.

of the anti-British boycott at Canton on the 10th October,[1] and the door was not closed by the protest of the Kuomintang Government against the extradition to the Fengtien authorities, on the 23rd November, of fourteen members of the Kuomintang Party from the British Concession at Tientsin.[2] In spite of this untoward incident (in which there was probably no course open to the British authorities which would not have exposed them to some degree of odium on the side of the Chinese), it seemed for a moment as though a new epoch in the relations between the Chinese people and the foreign Powers might be opened forthwith by the British memorandum of the 18th December, 1926,[3] which expressly recognized the *de facto* importance of the Kuomintang Government and of the Nationalist Movement behind it, and which proposed that, pending the re-establishment of an effective Chinese Central Government with authority to negotiate on behalf of the country as a whole, the Powers, on their own motion, should take certain steps towards the satisfaction of Chinese national aspirations—particularly the step of granting the Washington Customs Surtaxes and so regularizing the position of the Kuomintang Government, which had already imposed equivalent taxes on its own account.[4]

The hopes attending the communication of this British note were clouded by the unfavourable reception with which it was met on the part of the other Powers concerned and also on the part of the Kuomintang Government itself; and the relations between the Kuomintang and the British Government were rendered critical, from about the 20th December, 1926, onwards, by the sudden accentuation, at Hankow and other treaty ports in the Yangtse Valley, of that militant anti-foreign movement which had received its last impetus from the Shanghai and Shameen shooting incidents of the 30th May and the 23rd June, 1925.[5] This accentuation of the anti-foreign movement—which may have been a deliberate countermove, on the part of the left wing of the Kuomintang and their Russian advisers, to the immediately preceding conversations between Sir Miles Lampson and Mr. Chen—culminated in the invasion of the British concession at Hankow on the 3rd January, 1927, and the occupation of this concession, as well as the British concession at Kiukiang, by the Chinese.[6] These events, grave and disquieting though they were, did not deflect the British Government from its

[1] See Section (γ) (viii) above.
[2] See Section (δ) (xii) (*b*) below.
[3] See Section (δ) (xii) (*c*) below.
[4] See Section (γ) (ix) above.
[5] See *Survey for 1925*, vol. ii, Part III, Section (xi).
[6] See Section (δ) (xii) (*e*) below.

general policy, which was the result of mature consideration and was based on a long view of Sino-British relations. They did, however, very materially increase the difficulty of carrying that policy to a successful conclusion, because they compelled the British Government to take separate and simultaneous steps to secure a distinct and immediate object—namely, the protection of British lives in the Chinese territories which had passed, or were on the point of passing, into the domain of the Kuomintang—particularly in the international settlement at Shanghai. Thus, the negotiations at Hankow between Mr. O'Malley and Mr. Chen—negotiations which were not confined to the local question of the future régime in the British concessions at Hankow and Kiukiang, but were coupled with British proposals (addressed to the Hankow and Peking Governments simultaneously on the 27th and 28th January, 1927)[1] for far-reaching general concessions in the matter of extra-territoriality—were embarrassed and protracted by the dispatch of the Shanghai Defence Force.[2] The events which followed the conclusion of the Chen-O'Malley negotiations on the 19th February, 1927, and the final military collapse of Sun Ch'uan-fang on the 16th February,[3] will be dealt with in the *Survey for 1927*.

(*b*) The Extradition of Members of the Kuomintang from the British Concession at Tientsin, 23rd November, 1926.

The difficulty of the situation created by the coexistence of foreign extra-territorial rights in China with a state of civil war among the Chinese themselves is illustrated by the arrest of fourteen members of the Kuomintang Party in the British concession at Tientsin on the 23rd November, 1926.

The foreign concessions and settlements in China were enclaves in Chinese territory with a régime which was in two respects exceptional. On the one hand, law and order were maintained, and life and property were secured in these enclaves according to the Western standard. On the other hand, Chinese sovereignty was in abeyance there. The first of these two conditions led many Chinese—especially in time of civil war—to seek asylum in the concessions in order to escape from injustice or oppression in the surrounding Chinese territories which were under Chinese jurisdiction; and *bona fide* refugees of this character had a certain moral claim to protection at the hands of the foreign authorities. At the same time, the suspension of Chinese sovereignty in the concessions, while it was an essential

[1] See Section (δ) (xii) (*c*) below.
[2] See Section (δ) (xii) (*e*) and (*f*) below.
[3] See Section (δ) (x) above.

condition of the exceptional reign of law and order there, was also apt to attract Chinese refugees of an illegitimate character, who were seeking asylum, not from the injustice and oppression of their national régime but from just retribution for their own misdemeanours. Thus the possibility of asylum which was offered to Chinese, owing to the existence of these enclaves under foreign jurisdiction in Chinese territory, was open—especially, perhaps, in times when conditions in the territory under Chinese jurisdiction were not abnormal—to a serious abuse; and the established practice of the foreign authorities —as described on the 13th December, 1926, by the British Under-Secretary for Foreign Affairs—shows that the foreign Powers were alive to this danger.

> In Tientsin there are many contiguous areas under different police jurisdiction and it has always been the practice of the police of the various municipal areas—both Chinese and foreign—to co-operate in every way possible to maintain law and order. The local Chinese authorities, to whichever faction they may have belonged, have constantly pointed out that if shelter is given to persons conspiring against them in the foreign concessions, they cannot be responsible for maintaining law and order and for the protection of foreign life and property in Tientsin. In order to expedite action in urgent cases the British police are provided with blank search warrants issued by the Chinese city police.[1]

On the 23rd November, 1926, at Tientsin,

> the search was carried out by the municipal police at the request in person of the officer of the city police who ordinarily issues such warrants, and therefore it was not considered necessary to complete a warrant before making the raid.

The action taken on this occasion by the local British authorities was put on record in the following passage in the same statement by Mr. Locker-Lampson:

> On the 23rd November the police of the British municipal area at Tientsin, acting on information given by the Chinese city police, to the effect that certain premises in that area were the head-quarters of a treasonable and anarchist secret society, which was a menace to the peace of the community, raided the house in question, arrested fourteen persons found therein, and seized inflammatory literature affording *prima facie* evidence that the house was used for propaganda inciting to violence against foreigners and against all constituted government. At the time of the raid the British municipal police had no knowledge that the premises were the head-quarters of the Kuomintang Party, nor did any of the arrested persons claim to belong to the Kuomintang or to be political refugees.

[1] Statement in the House of Commons at Westminster by Mr. Locker-Lampson, in answer to parliamentary questions, on the 13th December, 1926.

> After effecting the arrest, the municipal police then reported the matter to His Majesty's Consul-General, who directed that the accused should be held in custody by the municipal police while he referred for instructions to His Majesty's Minister at Peking. His Majesty's Minister directed the Consul-General to follow the usual procedure and hand over the accused on production by the Chinese police of a warrant issued by the competent Chinese authority. On the issue and production of such a warrant the prisoners were handed over to the Chinese police on the 26th November. This action was in accordance with the settled policy of British authorities in China that Chinese, by the mere fact of residence in a British concession, should not be sheltered in any way from the jurisdiction of their own authorities.

Mr. Locker-Lampson added that the prisoners had not (by the 13th December) been delivered to the military authorities but were still in the custody of the Chinese city police, and that he had no knowledge of any further arrests of members of the Kuomintang in Tientsin having taken place.

This might have closed the incident if China had not been in a state of civil war. As it was, the question whether the fourteen arrested persons were political refugees or criminals hiding from justice was a controversial issue between two rival Chinese Governments; and in a note of protest, telegraphed by the Kuomintang Government to the British Foreign Office,[1] the action taken by the British authorities in the matter was interpreted as seeming 'to indicate clearly enough that the British authorities' were 'deliberately giving assistance to the political and military adversaries of the Nationalist Government' and were making 'a wilful, deliberate pronouncement . . . against the Nationalist aspirations of the Chinese people'.[2] The Foreign Office had an opportunity to state in their reply that His Majesty's Government had always held the view that Chinese residing in British concessions in China were not, by the fact of such residence, withdrawn from the jurisdiction of the Chinese authorities, and that it had been their settled policy not to allow British concessions to be used as asylums for criminals or as a base for conspirators belonging to any of the political factions in China. The unhappy feature in the situation was one for which the British Government and their representatives in China were not responsible. It was that Tientsin was at that time under the martial law of the Fengtien army, so that there was reason to apprehend that the prisoners might meet with short shrift in the probable event

[1] Statement by Mr. Locker-Lampson, in answer to a parliamentary question, on the 8th December, 1926.

[2] Extracts from the Kuomintang Government's note printed in *The Times*, 4th December, 1926.

of their being handed over by the Chinese city police to the Fengtien authorities. The Kuomintang Government, in their note above-mentioned, informed the British Government that

> If this is the sad result of the delivery of these men into their [i.e. the Fengtien authorities'] hands from the British authorities in China, then Nationalist China and this Government will be forced to hold the British Government responsible and will be compelled to demand adequate indemnity for their lives.

Unhappily, these forebodings in regard to the probable fate of the prisoners were borne out by the sequel—though the onus did not lie on the shoulders of the British Government, who could only have prevented the arrests by a denial of Chinese sovereign rights in violation of the established precedents.

In April 1927—after a raid conducted by the Fengtien authorities upon the Soviet Government's premises in the Legation Quarter at Peking had led to the discovery of apparently conclusive evidence of Communist intrigue with ramifications throughout Northern China[1] —the prisoners were handed over to the military authorities and tried by martial law, on the charge of organizing a branch of the Kuomintang for the purpose of spreading propaganda in Fengtien territories. Personal representations made by the British Consul-General in Tientsin to Chang Tso-lin and to the Commissioner of Police, urging that the prisoners should be tried by the ordinary legal process, were of no avail, and all fourteen were executed.[2]

The British authorities, when called upon to act on the 23rd November, 1926, had found themselves in a dilemma, with the choice between violating established precedents to the detriment of Chinese sovereign rights or else handing over representatives of one Chinese faction to the tender mercies of another. For the British Government, the situation would have been easier if the case had arisen over the extradition of Fengtien agents resident in some British concession lying in the Kuomintang Government's domain; for the anti-British animus of certain elements in the Kuomintang Party at this time—which was reciprocated to some extent in the partisanship displayed by certain organs of the local British press in China in writing of the Kuomintang and their Fengtien opponents in the Chinese civil war—made it politic for the British Government if possible to avoid any action which might conceivably be construed as a deviation from the narrow path of neutrality. On this occasion,

[1] This will be dealt with in the *Survey for 1927*.

[2] See *The Manchester Guardian*, 20th April, 1927, and a statement by Sir Austen Chamberlain in the House of Commons, in answer to a Parliamentary question, on the 9th May, 1927.

events forced the British Government's hand by offering no alternative course of action which was not open to some kind of misconstruction. Yet the incident made two things clear: first, that very harmonious relations existed between the local British and the local Chinese authorities at Tientsin, no matter what Chinese political faction happened at the moment to be in the ascendant; and, second, that it had been the consistent policy of the British Government to ensure that British control of a foreign concession should be exercised in such a way as to constitute the minimum of encroachment on China's sovereign rights.

(*c*) The Conversations at Hankow between Mr. Miles Lampson and Mr. Eugene Chen on the 8th–17th December, 1926; the Communication of a Statement of British Policy to the Diplomatic Corps at Peking on the 18th December; and the Communication of British Proposals for Treaty Modification to the Hankow and Peking Governments on the 27th and 28th January, 1927, respectively.

The new initiative which was taken in December 1926 by the British Government in its policy towards China was an attempt to escape from the *impasse* in which Great Britain had found herself ever since the termination of the Washington Conference on the 6th February, 1922, nearly five years before. This *impasse* had been due, in the main, to two causes: first, the unforeseen and long protracted delay in the coming into force of the Washington treaties relating to China (a delay for which the British Government was not to blame),[1] and, second, the progressive decline, during this interval, in the effective power of the Government, nominally representing all China, at Peking. This decline culminated in the virtual dissolution of the Peking Government at the moment in April 1926 when Peking passed out of the hands of the Kuominchün into those of Chang Tso-lin and Wu P'ei-fu in the course of the northern campaign in the Chinese civil war;[2] and though the momentarily victorious dictators found it politic, at their convenience, to set up the shadow of a Central Government at Peking again, the impotence of Peking to negotiate authoritatively and implement effectively any international agreements with the Powers was demonstrated finally by the inconclusive termination of the Tariff Conference on the 23rd July, 1926,[3] and by the impossibility of taking immediate action

[1] See *Survey for 1920–3*, p. 483; *Survey for 1925*, vol. ii, Part III, Section (viii).
[2] See Section (*β*) (i) above.
[3] See *Survey for 1925*, vol. ii, Part III, Section (viii).

upon the report of the Extra-Territoriality Commission which concluded its sittings on the 16th September, 1926.[1] This *impasse* had, from the outset, been particularly inimical to the interests of Great Britain, who at that time still enjoyed a greater share than any other single Power in China's foreign trade; but the damage inflicted upon British interests had become even more disproportionate to that incurred by other foreign interests in China after the Shanghai shooting incident of the 30th May, 1925, and the Shameen shooting incident of the 23rd June following, when the fresh impetus which these affairs gave to the militant anti-foreign movement in China was focussed against British goods and British nationals. Thenceforward, the continuance of the diplomatic *impasse* bore far more hardly upon Great Britain than upon the other foreign Powers concerned with China; and it was therefore natural that the first positive attempt to place the relations between China and the Powers on a new footing should be made by the British Government. The occasion was created by two sets of events: the petering out of the Tariff Conference and the conclusion of the work of the Extra-Territoriality Commission at Peking; and the conquest of the Yangtse Basin by the Kuomintang, which was followed by the transfer of their seat of government from Canton to Greater Hankow.

In the middle of November, a number of members of the Kuomintang Government, including the Foreign Minister, Mr. Eugene Chen, had left Canton for Wuchang (on the Yangtse, opposite Hankow); and the transfer of the seat of government was confirmed on the 1st January, 1927, by an official act consolidating the three cities of Wuchang, Hanyang, and Hankow into the single city of Wuhan, which was designated as the Nationalist capital. Before the new year, Hankow had already been the scene of conversations, lasting from the 8th to the 17th December, between Mr. Chen and a newly appointed British Minister to China, Mr. Miles Lampson.

In an official statement of British policy which he made on the 14th October, 1926, before leaving England, the new British Minister declared that 'the Government realized that the difficulties presented by the present phase in the development of China must be faced and solved by the Chinese themselves and that it was for them to decide by whom and in what manner their country should be governed'; but he pointed out that, 'in the absence of any settled and permanent Chinese Government, British lives and property were endangered by the prevailing lawlessness, and British interests were liable at any moment to be prejudiced by the action of irresponsible individuals

[1] See Section (β) (iii) above.

or bodies'. He added that, 'where no Chinese authority was in existence, His Majesty's Government were bound to accord to their nationals their fullest protection and support and to exact reparation for the wrong done. . . . They were confident that their attitude would not be misinterpreted by the Chinese people as implying any unfriendly feeling to them or any desire to interfere in internal politics in China'.[1] In a speech delivered on the 4th December at Shanghai, Mr. Lampson dismissed the talk of intervention as 'moonshine'.[2] The same evening he left for Hankow, where he held the conversations, already mentioned, with Mr. Chen from the 8th to the 17th December, before proceeding to the Legation at Peking. No record of these conversations was made public; but they were reported to have been of a friendly character,[3] notwithstanding the fact that the tension at Hankow was at that time perceptibly rising.[4]

On the 18th December, while Mr. Lampson was on his way to Peking, a memorandum on British policy was communicated to the diplomatic representatives of the Washington Treaty Powers in that city by the British chargé d'affaires, Mr. O'Malley.[5] Since it is evident from the dates that this memorandum must have been drafted before the Chen-Lampson conversations took place, it follows that its contents could not have been influenced by the course which these conversations took[6]—though it may be presumed that, before Mr. Lampson met Mr. Chen, the policy set forth in the memorandum had already been embodied in the new British Minister's instructions.

The contents of the British memorandum of the 18th December, 1926, need not be analysed in this place, since the full text is printed in the appendix to the present volume, while the principal concrete proposal, which related to the immediate and unconditional grant

[1] *The Times*, 15th October, 1926.

[2] *Ibid.*, 6th December, 1926.

[3] This would also seem to be implied in the reference to these conversations which Sir Austen Chamberlain made in his speech of the 10th February, 1927, in the House of Commons at Westminster.

[4] *The Times*, 6th, 10th, 11th, and 18th December, 1926.

[5] *Ibid.*, 20th December, 1926. The text of the memorandum was made public on the 26th December, 1926.

[6] On the other hand, it is not improbable that the British Government's memorandum may have been inspired in part by a statement which had been drawn up by delegates of the China and Far East Section of the Manchester Chamber of Commerce for the unofficial China Committee in London, and which had been laid before the Government by that Committee at the beginning of November (statement made at a meeting of the China and Far East Section of the Manchester Chamber of Commerce on the 16th December, 1926, by the Chairman, Mr. J. R. Finlayson, as reported in *The Manchester Guardian*, 17th December, 1926).

of the Washington Customs Surtaxes, has been dealt with already in another connexion.[1] The general purport of the memorandum is conveyed in paragraphs 5, 6, and 15, which read as follows:

> 5. The situation which exists in China to-day is entirely different from that which faced the Powers at the time they framed the Washington treaties. In the present state of confusion, though some progress has been made by means of local negotiation and agreements with regional Governments, it has not been possible for the Powers to proceed with the larger programme of treaty revision which was foreshadowed at Washington or to arrive at a settlement of any of the outstanding questions relating to the position of foreigners in China. The political disintegration in China has, however, been accompanied by the growth of a powerful Nationalist movement, which aimed at gaining for China an equal place among the nations, and any failure to meet this movement with sympathy and understanding would not respond to the real intentions of the Powers towards China.
>
> 6. His Majesty's Government, after carefully reviewing the position, desire to submit their considered opinion as to the course which the Washington Treaty Powers should now adopt. His Majesty's Government propose that these Governments shall issue a statement setting forth the essential facts of the situation; declaring their readiness to negotiate on treaty revision and all other outstanding questions as soon as the Chinese themselves have constituted a Government with authority to negotiate; and stating their intention, pending the establishment of such a Government, to pursue a constructive policy in harmony with the spirit of the Washington Conference, but developed and adapted to meet the altered circumstances of the present time. . . .
>
> 15. His Majesty's Government have consistently carried out the obligation of full and frank consultation imposed on all the Powers alike by Article 7 of the Nine-Power Pact, and it has been their constant aim—sometimes even when this involved a sacrifice of their own opinion—to maintain the solidarity of the Powers. It is in pursuance of this aim that his Majesty's Government are now communicating to the Powers this statement of the principles by which they believe that policy should be guided in future. They feel assured that the Powers will share the anxiety of His Majesty's Government to act towards China in the spirit which inspired the Washington treaties, and it is their earnest hope that the Powers will agree that the spirit cannot better be fulfilled than by adopting the policy which is now presented for their consideration.

For various reasons this *démarche* on the part of the British Government found little favour with any of the parties concerned. Even the Kuomintang, to whose aspirations the memorandum was a response, were reported to be divided in the matter; and the right wing, who were inclined to accept the document as evidence of sincere though moderate British goodwill, appear to have been overborne

[1] See Section (γ) (ix) above.

by the left, who denounced it as an insidious attempt to forestall the complete realization of the Nationalist programme by inadequate concessions, and who objected (notwithstanding the care taken, in the sixteenth and last paragraph of the memorandum, to remove this objection in advance) that the underlying purpose of the proposal to sanction the immediate and unconditional collection of the customs surtaxes was to procure additional war funds, through the agency of the Maritime Customs, for the northern military dictators, in order to make them better able to oppose resistance to the Nationalists on the foreigners' behalf.[1]

As for the Washington Treaty Powers, the French Government, in a semi-official statement issued on the 28th December, 1926,[2] made public the fact that, at Monsieur Briand's instance, it had decided not to participate in any collective declaration (on the ground that such a statement was not necessary—at any rate for France, whose liberal traditions were too well known to the Chinese people to allow them to doubt that the French Government would ever refrain from participating in measures intended to facilitate Chinese evolution) and that it further intended to abstain from all interference in the domestic policy of China pending the conclusion of the civil war. The Japanese Government appears to have let the French Government know that it concurred with its point of view in regard to the British memorandum,[3] without committing itself to any declaration of its own in the matter. (It will be remembered that Japan was one of the Powers that had advocated making assent to any increases in the Chinese customs revenues conditional, at least in part, upon such increases being earmarked for the service of Chinese unsecured loans, which were to a large extent Japanese holdings, and that this policy had been opposed by Great Britain during the Tariff Conference,[4] as well as in the text of the memorandum of the 18th December, 1926.) On the other hand, in the United States the British memorandum caused an embarrassment, almost indistinguishable in effect from disapproval, just because the British proposals advocated a fresh step forward on the very path in which the United States had long been accustomed to regard herself as the pioneer among foreign Powers concerned with China; for the memorandum

[1] *The New York Times*, 25th and 31st December, 1926.

[2] *Le Temps* and *The Times*, 30th December, 1926. See also *Le Temps*, 27th and *The Times*, 29th December, 1926.

[3] *The New York Times*, 31st December, 1926; see also *The Times*, 7th January, 1927.

[4] See *Survey for 1925*, vol. ii, Part III, Section (viii). See also *The Times*, 23rd December, 1926; *The New York Times*, 29th December.

indicated that the policy of the United States Government during the Tariff Conference, like that of the Japanese Government, had been influenced considerably by the desire of American bankers to secure their unpaid debts; and further that the British Government had invited the United States Government, six months earlier, to join in the policy now set forth in the memorandum, but had met with no response. Even in American quarters which were not unfriendly to Great Britain, there were traces of a suspicion that the British Government had been moved, by the pressure of Chinese strikes and boycotts, to 'steal the thunder' of the State Department at Washington.[1] The United States Minister at Peking, Mr. J. McMurray, was promptly summoned home to report [2] (though these instructions were almost immediately revoked owing to the rapid increase in the gravity of the situation in China). The lesser Powers showed themselves less unfavourable. On the 22nd December, 1926, for example, the Belgian Foreign Minister, Monsieur Vandervelde, in replying to an interpellation in the Chamber regarding the Peking Government's denunciation of the Sino-Belgian Treaty of 1865,[3] warmly commended the British memorandum in respect of its general principles and policy, as well as the measures which it suggested for immediate application;[4] and he repeated this commendation in his reply to the British Government, which was made public on the 14th January, 1927. In the same note, however, he followed the French Government in expressing the view that a collective declaration was 'neither opportune nor even possible'.[5] The Dutch Government's reply, published on the 16th January, was substantially to the same effect;[6] and so was that of the Spanish Government, published on the 2nd February [7]—except that Spain declared herself ready, subject to certain reservations, to make the same promises to the Chinese Government as might be made by Great Britain, the United States, and Japan. The most favourable response which the British Government received appears to have been the Italian reply dispatched on the 2nd February.[8]

This predominantly unfavourable attitude of the other foreign Governments towards the British memorandum of the 18th December, 1926, appears to have been shared by the foreign communities

[1] See *The Times*, 28th December, 1926, and 5th January, 1927.
[2] *Ibid.*, 5th January, 1927.
[3] See Section (β) (iv) (*b*) above.
[4] *The Times*, 23rd December, 1926.
[5] *Ibid.*, 15th January, 1927. Compare *Le Temps*, 11th January.
[6] *The Times*, 17th January, 1927.
[7] *Ibid.*, 3rd February, 1927.
[8] *Ibid.*, 31st December, 1926, and 7th February, 1927.

in China, including the British community[1]—in sharp contrast to the satisfaction with which they greeted the subsequent decision of the British Government to dispatch the Shanghai Defence Force.[2] It may be noted that, in their replies aforementioned, the Spanish Government in general terms and the Italian Government explicitly offered to co-operate in the defence of foreign interests in China, and that the dispatch of the Shanghai Defence Force was referred to sympathetically by the Japanese Foreign Minister, Baron Shidehara.[3]

The British Government, however, was not deterred—either by the unfavourable reception of its memorandum of the 18th December, 1926, or by the critical situation which arose almost immediately afterwards at Hankow,[4] or by its own decision, in the light of events at Hankow, to dispatch a British Defence Force to Shanghai[5]—from proceeding with the execution of the policy enunciated in the December Memorandum, in so far as that policy was susceptible of being carried out by unilateral action. As has been indicated above, the December Memorandum contained two distinct elements: an enunciation of general principles for a new departure in policy, and a particular application of these principles in the shape of a concrete and detailed proposal for the immediate and unconditional sanctioning of the Washington Customs Surtaxes. It remained to apply the general principles enunciated in December to other fields of controversy between China and the Powers; and 'His Majesty's Government therefore at once proceeded to investigate what measures they could take by unilateral action to meet the aspirations of the Chinese people.'[6] Accordingly, in January 1927, statements of measures for treaty modification, which the British Government was prepared to consider, were communicated to Mr. Chen at Hankow (on the 27th) and to Mr. Koo at Peking (on the 28th). The contents of these statements, again, need not be analysed in this place, since the full text is printed in the appendix to the present volume.[7] It will be seen that the statements of the 27th and 28th January, 1927, supplemented the memorandum of the 18th December, 1926, by making concrete and detailed proposals, on the lines of the report of the Extra-Territoriality Commission,[8] for the modification or surrender

[1] *The New York Times*, 29th December, 1926.
[2] See Section (δ) (xii) (*f*) below.
[3] *The Times*, 1st February, 1927.
[4] See Section (δ) (xii) (*e*) below.
[5] See Section (δ) (xii) (*f*) below.
[6] Communication made by the British Government to the League of Nations on the 8th February, 1927.
[7] The text will also be found in *The Times*, 3rd February, 1927, and it appears again as an annex to the British Government's communication of the 8th February, 1927, to the League of Nations.
[8] See Section (β) (iii) above.

of certain important privileges—juridical, fiscal, and administrative—which were enjoyed in China by foreign Powers and their nationals.[1] The British Government was aware that the measures contemplated in the January proposals, far-reaching though they were when measured by the *status quo*, were only 'a part of what' was 'desired of them by the Chinese Nationalist Party'.[2] At the same time, these proposals could fairly be described as implying 'an immediate and radical modification of the old treaty position, as far as His Majesty's Government are concerned', and as being 'an earnest of further modifications as soon as conditions permit'.[3] In the communication made to the League of Nations on the 8th February, 1927, from which the foregoing sentence is quoted, the British Government contended that their policy, as enunciated on the 18th December, 1926, and the 27th and 28th January, 1927, was 'a development, not a departure, from the Washington Conference policy', and they drew attention to the fact that, 'in accordance with Article 7 of the Washington China Treaty,' they had 'communicated fully and frankly to the Governments of the other Washington Powers their views regarding the situation', both as concerned 'the defence of life at Shanghai[4] and the proposed steps towards treaty revision'. 'It is for them', the British Government added, 'to determine to what extent they feel able to associate themselves with the policy of His Majesty's Government in both its aspects.'

(*d*) The 'Anti-Foreign Movement'.

In 1926, foreign nationals and foreign interests in China were subject to outrages which, though seldom resulting in death, nevertheless frequently involved the victims in grave losses, hardships, and indignities. These outrages may be classified, according to motive, under two heads: 'political' and 'economic'. The outrages committed with an economic motive were incidental consequences of the breakdown of law and order in China during the Revolution—a breakdown which had been accompanied, as usual, by an access of

[1] See Section (δ) (xii) (*e*) below for the conditions, embodied in the additional (prefatory) paragraph, upon which the British proposals of the 27th January, 1927, were communicated to Mr. Chen at Hankow, and also for the words inserted, in the text as communicated to Mr. Chen, in paragraph 6.

[2] Quoted from the prefatory paragraph (mentioned in the preceding footnote) which was prefixed to the statement of the 27th January, 1927, communicated to Mr. Chen.

[3] Communication of the 8th February, 1927, from the British Government to the League of Nations.

[4] See Section (δ) (xii) (*f*) below.

brigandage and piracy [1]—and these were perpetrated upon foreigners and Chinese indiscriminately. On the other hand, the political outrages of which foreigners were the victims were directed against them specifically in response to a deliberate propaganda. It was to this second class of outrages alone that the term 'Anti-Foreign Movement' could be fairly applied; and even so the term was somewhat misleading, since the movement was not a spontaneous expression of hostility to foreigners as such on the part of the Chinese people, but was part of an organized attack on the privileged position which foreign residents in China had enjoyed since 1842.

This 'Anti-Foreign Movement' was directed sometimes against foreigners and foreign interests in general, sometimes against British nationals and British interests in particular, and sometimes against Christian missionaries (of many foreign nationalities) and their Chinese converts; but the second and third of these phases were simply variations of the first. British communities in China were singled out, on certain occasions, to bear the brunt of the attack because in Chinese eyes they loomed larger than the other foreign communities which had encamped on Chinese soil. Christianity was attacked because it had been introduced into China under foreign auspices.

This uprising against foreign residents and foreign religious organizations in China was not a new phenomenon in Chinese history; for though the 'Middle Kingdom', like the Roman Empire, had been on the whole a tolerant Power, its toleration had been conditional, and it had never hesitated to repress with ruthless severity any foreign community under its dominion which it regarded as having overstepped certain recognized limits. The Chinese, like the Roman Imperial Government, had not objected to foreign residents practising their own cults in China or even winning converts among the people (in the Chinese state there was no state religion, but only a state philosophy); but they had insisted that foreign religious practices should not conflict with Chinese institutions, and they had been watchful to prevent any sect of foreign origin from erecting itself into an *imperium in imperio*. Mahayana Buddhism had acquired unparalleled influence in China because it had been content to adapt itself almost unreservedly to Chinese tradition; yet even Buddhism had been subjected, along with other foreign religions, to the great persecution of A.D. 841–7, and its progress had repeatedly

[1] For a notice of the more signal acts of brigandage and piracy committed upon foreign nationals and foreign property in China in 1926, see the note at the end of the present section.

excited Confucian reactions. After the advent of the modern West the Jesuit missionaries of Roman Catholicism, prompted by the genius of Matteo Ricci, had entered on the same path of adaptation which their Buddhist predecessors had pursued with such success; but Jesuit statesmanship was frustrated by the Vatican's 'will to power', and the controversy over the rites,[1] in which the attitude of the Vatican became apparent to the Chinese Government, was followed by the expulsion of the Catholic missionaries in 1724–32. Even so uncompromising a religion as Islam had found itself constrained, in China, to bend its neck to Chinese observances; and in the nineteenth century Muslim recalcitrance drew upon itself a terrible retribution. In the Yunnan rebellions of 1818, 1826, 1834–40, and 1855–73, and in the rebellion of 1862–76 in the North-West, the Chinese Muslim communities tried conclusions with the Chinese 'world-state', and at the end of the struggle only a remnant of them survived.[2]

Western Christianity, this time in Protestant as well as Catholic guise, effected a second entry into China during the years 1842–60, when the West compelled China by force of arms to open her doors.[3] The treaties of 1842–4 permitted the residence of Western ministers of religion in treaty ports and the erection of churches there. An Imperial Edict of 1844 ordered the toleration of Chinese Catholics—a provision which was interpreted, from the next year onwards, to cover Protestants as well. In the treaties of 1858–60 this toleration was made a treaty obligation and Western missionaries were given the right to travel in the interior and to carry on religious propaganda. In the Sino-French Treaty of 1860 (Art. 6) the following sentence (not to be found in the French text) was surreptitiously inserted into the Chinese text (which was not authoritative)—apparently by a French missionary who was acting as interpreter to the French plenipotentiary:

> And it shall be lawful for French missionaries in any of the provinces to lease or buy land and build houses.[4]

In the Sino-American Treaty of 1903, the right was secured to Protestant as well as Catholic Missionary Societies (not individuals) in a clause (Art. 14) which ran as follows:

> No restrictions shall be placed on Chinese joining Christian churches.

[1] See R. C. Jenkins: *The Jesuits in China* (London, 1894, Nutt).

[2] See M. Broomhall: *Islam in China*, pp. 123–63.

[3] For what follows see W. W. Willoughby: *Foreign Rights and Interests in China*, 2nd edition (Baltimore, 1927, John Hopkins Press), vol. ii, chap. xxviii.

[4] For details see Willoughby, *op. cit.*, pp. 706–10; M. M. Morse: *The International Relations of the Chinese Empire* (London, 1910, Longmans Green), vol. i, pp. 615–16.

> Converts and non-converts, being Chinese subjects, shall alike conform to the laws of China, and shall pay due respect to those in authority, living together in peace and amity; and the fact of being converts shall not protect them from the consequences of any offence they may have committed before or may commit after their admission into the church, or exempt them from paying legal taxes levied on Chinese subjects generally, except taxes levied and contributions for the support of religious customs and practices contrary to their faith. Missionaries shall not interfere with the exercise by the native authorities of their jurisdiction over Chinese subjects; nor shall the native authorities make any distinction between converts and non-converts, but shall administer the laws without partiality so that both classes can live together in peace. Missionary societies of the United States shall be permitted to rent and to lease in perpetuity, as the property of such societies, buildings or lands in all parts of the Empire for missionary purposes and, after the title deeds have been found in order and duly stamped by the local authorities, to erect such suitable buildings as may be required for carrying on their good work.

Through the operation of the most-favoured-nation treatment principle, this article in the Sino-American treaty of 1903 became a general charter for all Western missionary enterprises in China. It will be seen that an attempt to guard against the abuses for which the general purport of the article might conceivably open the way was made in the text of the article itself. Yet, however sincerely Western Governments and Western missionaries might intend to observe the treaty in the spirit as well as in the letter, the fact that the missionaries themselves enjoyed extra-territorial privileges as nationals of foreign Powers which were in a position to assert their treaty rights against China by force, made it almost inevitable that the Chinese converts of Western missionaries resident in China should in practice find themselves less at the mercy of the Chinese authorities than the unconverted majority of their countrymen.

The re-entry of Christian missionaries into China under these new conditions had aroused an animosity against them which found vent in massacre during the Boxer disorders of 1898–1901, when the mob was taken into partnership by the reactionary upholders of the expiring Ch'ing régime. The same animosity (fortunately expressed in less brutal ways) was manifest in the anti-Christian movement which was at work in 1926 under the régime of the Kuomintang; but this time the movement was conducted (at least ostensibly) in quite a different cause. Under the Ch'ing régime, the established status of Western missionary enterprises in China had been attacked as being incompatible with traditional Chinese institutions. Under the Kuomintang régime it was attacked as being incompatible with the

establishment, in China, of the Western principle of nationality, with its corollaries of an absolute national sovereignty and a uniform system of national education.[1]

A quarter of a century after the Boxer disorders, the old feeling against Christians and Christianity had practically died out, because the missionaries had long since realized the unwisdom of interfering in Chinese lawsuits, and anti-Christian propaganda had ceased to elicit any active response. In the course of the years 1921 to 1925 there had indeed arisen in China a genuine feeling of alarm in regard to the denationalizing influence which was believed to be exerted by foreign educational institutions. On the other hand, the governing bodies of these institutions, which were all under missionary control, recognized the reasonableness of these fears and were prepared to conform absolutely to the Chinese national educational system; and there is every reason to believe that an amicable settlement of this question would have been reached if the Chinese Nationalist Movement had not been given an anti-Christian turn artificially in 1926. It remains to survey the activities of the anti-Christian and anti-British movement in particular,[2] and the anti-foreign movement in general, during that year. It may be noted that these activities were more militant in the territories under the rule of the Kuomintang, where popular feeling was encouraged and sometimes stimulated by the Nationalist Government and its Russian advisers, than they were in territories under the control of the military dictators whose first concern was to pursue their personal interests and to avoid embarrassments in their relations with the Powers, and who therefore followed popular movements rather than led them. It may further be noted that, in the domain of the Kuomintang, this anti-foreign militancy was usually most violent in the territories most recently overrun by the Kuomintang forces. Indeed, the movement passed over the country like a prairie fire, which appeared to have burnt itself out in Kwangtung by the time when it was raging on the Yangtse; and

[1] For a general appreciation of the 'anti-Christian movement' in 1926, and of the views of Chinese Nationalists and Western missionaries in this matter, see an interesting article by Mr. T. F. Millard in *The New York Times*, 18th April, 1926. On the 'anti-foreign movement' in general, see an article by the same observer in the same journal, 3rd November, 1926. For the attitude towards the 'anti-Christian movement' which was taken up by Chinese Christians of Nationalist sympathies, see the *précis* in *The Times* of the 19th January, 1927, of a manifesto issued by the 'Wuhan Chinese Continuation Committee', an organization which was described as being 'allied to the National Christian Council'.

[2] The occupation of the British Concessions at Hankow and Kiukiang is dealt with below in a separate section (Section (δ) (xii) (*e*)).

there was strong evidence that the inflammable material was actually set alight by deliberate incendiarism. It was certainly a fact that Kwangtung began to have rest for a season towards the end of the year 1926; and the explanation of this fact appeared to be that the Kuomintang Party had drafted off its ablest agitators to the Yangtse provinces and lacked the *personnel* to carry on the campaign simultaneously in all parts of its vastly extended field of action.[1]

In March 1926 the Canton Hospital, an American philanthropic institution, was compelled to close owing to the invasion of the premises by a 'hospital section' of the Miscellaneous Workers' Union, who caused a part of the Chinese staff to strike for higher pay and for a measure of control over the administration, and reinforced their demands by cutting off water, electricity, and food supplies.[2] The Canton Christian College avoided a similar fate by conceding the Labour Unions' demands.[3] At Swatow, the Anglo-Chinese College was already in the hands of the local Students' Association. In the autumn of 1925, when the college authorities had decided to close the college for a term owing to the violence of the anti-British propaganda in the Swatow district, the Students' Association had persuaded them instead to lend them the building for this term in order to avoid an interruption of their studies. Once in possession, a party among the students, in violation of the agreement, had proclaimed the college to be common property, reorganized it as a purely Chinese school, and proceeded to engage a new teaching staff. When the college authorities appealed for redress to the representative at Swatow of the Kuomintang Government, the latter appears to have replied that the property was merely held by the English Presbyterian Mission on trust (inasmuch as part of the benefactions by which it had been endowed had been Chinese), and that, as public sentiment was in favour of the recovery of educational control by the Chinese people, the Mission's control of the property was cancelled. In these circumstances the British staff had been forced to evacuate the college.[4] At Chaochowfu, about twenty-five miles north of Swatow, the English Presbyterian Mission station had been evacuated by the British staff in the summer of 1925. Early in 1926, the abandoned mission property (houses, hospital, and school) at Chaochowfu was seized and looted by Chinese troops.[5] In February 1926 an American mission station at Kashek, in the island of Hainan, was attacked by

[1] See *The Times*, 15th December, 1926.
[2] *Ibid.*, 11th and 15th March, 1926.
[3] *Ibid.*, 29th March, 1926.
[4] *Ibid.*, 19th March, 1926.
[5] *Ibid.*, 6th February, 1926.

students and soldiers.[1] In February 1927 a French mission orphanage was similarly attacked at Hoihow, in the same island.[2] At Wuchow, on the Si Kiang (West River) near the Kwangtung-Kwangsi border, the American mission station and schools were closed, and the missionaries evacuated, in the spring of 1926.[3]

At Chengtu, the capital of the isolated western province of Szechuan, one Canadian woman missionary, Mrs. W. Sibley, of the Canadian Methodist Mission, was murdered in the streets on the 7th June, 1926, and an American lady assaulted on the 8th.[4]

In regard to the Yangtse Basin, Sir Austen Chamberlain made the following statement on the 17th November, 1926, in answer to a parliamentary question, in the House of Commons at Westminster:

> The advance of the Southern forces into Central China does not appear to have adversely affected the personal security of British residents, nor does it appear to have involved any serious danger to British property, although there has inevitably been some risk to, and disturbance of, British establishments lying directly in the army zone . . . conditions are still uncertain, and it would be premature to pass judgement.

Unhappily, the isolated disorders and outrages, affecting foreign interests, which had marked the conquest of Hunan and Hupeh by the Kuomintang forces,[5] proved, not only at Hankow and Kiukiang,[6] but throughout the territories which had lately been added to the domain of the Kuomintang, to be the prelude to an organized movement directed against British interests of all kinds and Christian missions of all foreign nationalities.[7] Property was seized, foreigners were boycotted or forced to flee, and Chinese converts of foreign missionaries, as well as Chinese middlemen between foreign business concerns and the Chinese population, were persecuted as 'running dogs' of the foreign 'imperialists'. For example, in November 1926, there was an anti-Christian riot at Nanchowting in Northern Hunan, in which the property of the China Inland Mission was damaged, though the missionaries themselves were not harmed.[8] Again, at Liuyang, on the Hunan-Kiangsi border, the Kuomintang troops were followed by agitators (apparently recruited from the pickets of the Strike Committee at Canton) who seized the English Wesleyan missionary school in the city, compelled the schoolboys to subscribe

[1] *Le Temps*, 12th February, 1926.
[2] *The Times*, 18th February, 1927.
[3] *Ibid.*, 6th April, 1926.
[4] *Ibid.*, 22nd and 28th June, 1926.
[5] See *ibid.*, 5th November, 1926, for reports of such incidents at Paoking and Changteh in Hunan, and at Liuyang on the Hunan-Kiangsi border.
[6] For events at these two places see Section (δ) (xii) (*e*) below.
[7] For a general account of this movement see *The Times*, 21st and 22nd February, 1927.
[8] *Ibid.*, 22nd November, 1926.

to their demands, and attempted (though unsuccessfully) to extort an abjuration of Christianity from the chief local Chinese supporter of the mission. The English missionaries themselves escaped to Changsha.[1] At the latter place, when the leader of this band of missionaries, the Rev. G. G. Warren, lay dying there shortly after his flight from Liuyang, the anti-British boycott was so severe that no Chinese ventured to perform any office for him, though he had been engaged in philanthropic work in China for forty years and had won widespread affection among the people whom he had served.[2] This boycott was imposed on the British community at Changsha at the turn of the year,[3] simultaneously with the opening of the campaign against the British concessions at Hankow and Kiukiang.

At Changsha, the leading foreign educational institution was the so-called 'Yale-in-China'—a college which had been founded by American educationists under the auspices of Yale University, Newhaven, Connecticut, and which at this time was stated to be receiving 80 per cent. of its income from American donations, only 20 per cent. being covered by Chinese payments on account of tuition fees. When the wave of anti-foreign agitation, following in the wake of the Kuomintang armies, reached Changsha, the students put forward demands for the reduction of fees, for the subsidizing of the Students' Union out of college funds, and for constitutional innovations which would empower the students to dismiss, by vote, any teacher of whom they did not approve, while providing that no student should be expelled without the sanction of the Students' Union.[4] These demands were refused and a compromise, by which certain more reasonable requests were conceded, was rejected by the extremists, at whose instigation a further series of demands was presented by the students on the 3rd December, 1926. On the refusal of the authorities to accede to these demands, the students went on strike, and the Faculty thereupon decided to close the University until the end of the current term, though it was hoped to reopen the institution for a new term in February 1927.[5]

In the first days of January 1927, attacks on foreign missions, Catholic as well as Protestant, occurred at Hingkwochow and Tayeh, in the Province of Hupeh;[6] and in Hunan, during the same month, the anti-Christian movement did not abate.[7]

[1] For this affair see *The Times*, 13th January, 1927.
[2] *Ibid.*, 21st February, 1927.
[3] *Ibid.*, 14th and 21st January and 25th February, 1927.
[4] *The New York Times*, 17th December, 1926.
[5] See *The Times*, 19th January, 1927.
[6] *Ibid.*, 3rd and 4th January, 1927.
[7] *Ibid.*, 24th January, 1927.

The agitation of which these examples have been given produced its intended effect in the evacuation of British communities, commercial as well as missionary, from a wide area in the Yangtse Basin. In 1926 the British Government had already advised British missionaries to leave Szechuan; at the new year they gave the same advice to British missionaries in Kiangsi.[1] In the course of January 1927 there were systematic evacuations of British women and children from Changsha in Hunan, and from Chungking and Ichang on the Upper Yangtse.[2]

These evacuations of British nationals from places above Hankow were closely connected with the critical events which were occurring simultaneously at Hankow itself and at Kiukiang. In the first place, they appear to have been prompted by the Chinese attack on the Hankow concession; in the second place, they hampered the subsequent action of the British authorities at Hankow, who during the critical period had to consider the interests, not only of the British community at Hankow itself, but of the communities up the river whose line of retreat to the coast might have been cut if the tension at Hankow had resulted in a violent conflict.

The events at Hankow and Kiukiang are dealt with below. In the meantime the agitation had spread, with the advance of the Kuomintang armies, into Fukien; and in January 1927 there was a general attack upon foreign missions at Fuchow. The campaign began with the dissemination of a story that the orphanage maintained by the Spanish Dominican Mission was a decoy by means of which the Mission procured a supply of children in order to use their bodily organs for the manufacture of drugs; and the fury of the populace which was aroused by this tale was easily turned against the foreign missions in general. Though no lives were taken in this outbreak, there was a wholesale destruction of mission property and a wholesale exodus of foreign missionaries from the city.[3] The story is reported to have been reproduced in the Kuomintang press and thus disseminated through Southern China.

Note on Injuries inflicted upon Foreigners in China by Piracy, Brigandage, and Civil War (1926).

Piracy, always endemic in Chinese waters, was apt to become epidemic in periods of disorder like the bout which had begun in 1911 and which was still continuing in 1926. In such periods, Western shipping, since its advent in these waters, had suffered as much as Chinese shipping from this scourge, indeed sometimes more, since foreign steamers often offered

[1] *Ibid.*, 3rd January, 1927. [2] *Ibid.*, 14th and 18th January, 1927.
[3] *Ibid.*, 18th, 20th, and 22nd January, 1927.

more lucrative prizes than Chinese junks, while Chinese pirates found less difficulty than Chinese Governments in eluding reprisals for outrages committed against foreign nationals and foreign interests. A favourite stratagem of Chinese pirates was to take passage on board a merchant ship as apparently innocent travellers and then seize the vessel, *en voyage*, by a *coup de main*.

In 1926, the base of operations from which the most frequent and daring acts of piracy in Chinese waters were being committed was Bias Bay, on the Kwangtung coast, about forty miles east-north-east of Hongkong—an admirable base for attacks upon the coastwise traffic between Canton or Hongkong and Shanghai. The following exploits may serve as examples of the Bias Bay pirates' activities.[1] In February 1926 they seized the French steamer *Jade* (using the stratagem above mentioned) and removed bullion worth £10,000.[2] In July they 'held up' the Chinese steamer *Kwangtse*, kidnapping six wealthy Chinese passengers and capturing booty valued at £20,000.[3] On the 2nd October they detained the China Merchant Navigation Company's steamer *Hsiu-Fung* and took silks and passengers' effects valued at £3,750, besides the ship's compradore and boy.[4] In November they boarded the French steamer *Hanoi*, killed the guard of Annamite soldiers on board, and stole £6,250 of money which was being shipped to the Hongkong and Shanghai Bank by the Maritime Customs office at Pakhoi, as well as passengers' effects valued at £2,500.[5] On the 15th November they attempted (by the usual stratagem) to seize a British steamer of 2,555 tons, the *Sunning* (belonging to the China Navigation Company), and when the ship's officers recovered control of the bridge the pirates set the ship on fire. On this occasion a British warship arrived on the scene and twenty-two of the pirates were captured.[6] After a trial, in which six of the prisoners were sentenced to death, at Hongkong, four of them nearly succeeded in breaking out of prison, by a final *coup de main*, on the eve of their execution.[7] On the 27th January, 1927, the British steamer *Seang-Bee* (5,842 tons), belonging to members of the Chinese community in the Straits Settlements, was seized and taken to Bias Bay, where the passengers were robbed of effects valued at £3,000.[8] The Hongkong Government appears to have proposed to the Kuomintang Government that joint operations should be undertaken in order to destroy this nest of malefactors (which was situated in territory over which the Kuomintang Government claimed to exercise authority). The Kuomintang Government, however, appears to have declined this proposal and to have sent on its own account an expedition which failed to accomplish the task, and in fact gave a wide berth to the pirate villages.[9] Accordingly, a British naval expedition (consisting of one aircraft carrier, two cruisers,

[1] For a general account of the Bias Bay pirates and their exploits see *The Times*, 31st May, 1927.

[2] *Ibid.*, 11th February, 1926.

[3] *Ibid.*, 17th July, 1926.

[4] *Ibid.*, 6th October, 1926.

[5] *Le Temps*, 14th November, 1926; *The Times*, 15th November, 1926.

[6] *The Times*, 17th, 18th, and 19th November, 1926; statement by Sir Austen Chamberlain in the House of Commons at Westminster in answer to a parliamentary question, 24th November, 1926.

[7] *The Times*, 2nd March, 1927.

[8] *Ibid.*, 1st February, 1927.

[9] *The Times, loc. cit.*

a mine-sweeper and a sloop, with aeroplanes) repaired to Bias Bay and sent ashore a landing-party which, on the 23rd March, 1927, destroyed two villages [1] (known to harbour the pirates) and burned 40 junks and *sampans* without loss of life on either side.[2]

Another branch of the piratical trade was carried on by light craft, or by pirates disguised as passengers, on inshore and inland waters. On the 21st August, 1926, there was a case of this kind, off Hongkong.[3] On the West River, two British armed craft were attacked by pirates in March;[4] two pirate launches were captured by a British warship in October;[5] and the steamer *Waihoi*, from Kongmoon, was seized on the 19th November, beached at Chekpei, and plundered at leisure.[6] In the Yangtse Basin, the Japanese steamer *Siangkiang Maru* was boarded by pirates on the 18th November near Changsha, and effects valued at £1,625 were taken, while the captain was carried off and held to ransom.[7]

During the same period, foreigners in China also had to suffer from brigandage on land. Even in the suburbs of Shanghai a foreign employee of the Municipal Council was fired upon, wounded, and robbed on the 8th August, 1926, by a gang who attacked him while he was driving in a car.[8] The majority of such outrages occurred in the interior. On the 4th August, 1926, for example, a Spanish priest was murdered by Chinese soldiers near Sianfu, in Shensi.[9] In September, the China Inland Mission station at Chowkiachow, in Honan, was looted, and one of the missionaries was carried away captive.[10] At Chenliu, also in Honan, another British missionary was carried off in October 1926 when the place was looted by soldiers.[11] Both these missionaries appear to have been released eventually without ransom. At Maliwan, in Western Hunan, three American missionaries were carried off by brigands in September 1926, but they too were released without ransom (after eighteen days' captivity).[12] In November a Belgian priest was temporarily held prisoner by disbanded Chinese soldiers in Shansi.[13] In December 1926 a representative of the British Church Missionary Society underwent a similar experience in Fukien.[14] On the north-eastern frontier of French Indo-China, the Langson-Longchow road was infested by a band of brigands, with their head-quarters on the Chinese side of the line, who were not dispersed by the Chinese authorities until after they had killed a French consul on the 31st October.[15]

Foreigners also suffered incidental hardships from the Chinese civil war. For example, during the minor campaign in Southern Shensi [16] between the

[1] The inhabitants, who offered no resistance, were given time to remove their personal belongings.
[2] *The Times*, 24th and 25th March, 1927.
[3] *Le Temps*, 25th August, 1926.
[4] *The Times*, 3rd March, 1926.
[5] *Ibid.*, 15th October, 1926.
[6] *Ibid.*, 25th November, 1926.
[7] *Ibid.*, 22nd November, 1926.
[8] *Ibid.*, 10th August, 1926.
[9] *Ibid.*, 19th August, 1926.
[10] *Ibid.*, 27th and 28th September, 15th and 16th October, 1926.
[11] *Ibid.*, 7th, 18th, and 21st October, 1926.
[12] *Ibid.*, and *The New York Times*, 5th October, 1926; *The Times*, 15th October.
[13] *Ibid.*, 30th November, 1926, and 1st December, 1926.
[14] *Ibid.*, 11th December, 1926.
[15] *Le Temps*, 5th December, 1926.
[16] See Section (β) (i) and (δ) (x) above.

Kuominchün and the supporters of Wu P'ei-fu, fifty-one foreigners were besieged for some months in the city of Sianfu. Upon representations from the American Legation in Peking, however, the rival commanders arranged in October 1926 for the evacuation of these foreigners under safe conduct; and those who took advantage of these facilities (a certain number of the missionaries elected to remain at their posts) appear to have regained their liberty without further mishap.[1]

(*e*) The Occupation of the British Concessions at Hankow and Kiukiang and the Negotiations between Mr. O'Malley and Mr. Chen (January and February 1927).

Hankow,[2] situated on the northern bank of the Yangtse, about 600 miles from its mouth, at the intake of the River Han (the most important northern tributary), seemed marked out to be the commercial centre of China as soon as the natural system of communications provided by the Yangtse waterway (which was navigable up to this point for ocean-going steamers) had been supplemented by the completion of the Peking-Canton Railway. Including the industrial city of Hanyang, on the opposite bank of the Han, and Wuchang, on the opposite bank of the Yangtse, Greater Hankow was estimated in 1926 already to contain a population of 1,832,800.[3]

Before the War of 1914–18 Hankow had also contained five foreign concessions; and these, together with the Peking-Hankow Railway Reservation, had occupied a continuous river frontage on the Yangtse, 6,000 yards long. To the British concession, which was the oldest in date and the farthest upstream, a Russian, French, German, and Japanese concession had been added, the five concessions adjoining one another in the order (downstream) in which they have just been mentioned; but in consequence of the War, the Russian Revolution, and the Sino-German and Sino-Soviet treaties which have been dealt with in the preceding volume,[4] the German and the Russian concessions had been retroceded to the Chinese Government, and in 1926 they were being administered (albeit under a special régime) by Chinese authorities. Thus, when the fall of Wuchang (early in October 1926) brought the whole of Greater Hankow under the rule of the Kuomintang, the foreign establishments in this great commercial centre no longer presented a united front. The three surviving concessions were now isolated from one another by two

[1] *The Times*, 6th, 7th, and 14th October, 1926.

[2] For facts about Hankow, see H. B. Morse, *The Trade and Administration of China*, pp. 225–6; *The China Year Book*, 1926, p. 607; *The Times*, 26th September, 1926, and 22nd February, 1927.

[3] See *The China Year Book*, 1926, pp. 17–18.

[4] *Survey for 1925*, vol. ii, Part III, Sections (i) and (ii).

enclaves over which Chinese sovereignty had been restored; and this physical breach in the topographical continuity of the concession areas was a visible symbol that a moral breach had been made in the sacrosanctity of the principle on which the existence of all foreign concessions on Chinese soil depended—the principle that foreigners resident in China were entitled to a treaty status of special privilege. In these circumstances, it was not surprising that Chinese Nationalists should aspire to bring the three surviving concessions at Hankow into line with the two which had been retroceded already. As soon as the Kuomintang had made themselves masters of Greater Hankow, they set themselves to realize this aspiration by employing those militant tactics which they had already employed with effect in territories over which they had established their control at an earlier date.

The first step (following the precedent of the Kuomintang régime in Canton) was to organize the majority of the working population in Greater Hankow into some 260 labour unions, which were affiliated to a General Labour Union controlled by the Political Bureau of the Kuomintang Party.[1] The next step was a series of strikes in different industries and concerns, in which the workers succeeded in compelling their employers to grant them large increases in wages and a considerable measure of control over management. On the average, wages were estimated to have been driven up 50 per cent. within the space of two months—a revolutionary change which produced a dislocation of business and a corresponding rise in the cost of living.[2]

On the 21st November, 1926, a union of the lower grade employees of the China Maritime Customs staff at Hankow was formed, with the support of the superintendent, who was a Chinese official, and with the declared aim of ousting the element of foreign management from the service and bringing it under purely Chinese control.[3] About the same time a general anti-foreign strike and boycott was advertised to begin on the 4th December and was actually put into operation, during the last week of November, against the local Japanese community, who found themselves compelled to import their food-supplies owing to the refusal of the Chinese shopkeepers to serve

[1] For an account of this organization of labour at Hankow see *The Times*, 1st and 13th December, 1926; for a sketch of the structure of the Kuomintang Party see Section (γ) (vii) above.

[2] For an account of these developments see *The Times*, 13th December, 1926.

[3] Statement by Sir Austen Chamberlain in the House of Commons at Westminster, in answer to a parliamentary question, on the 29th November, 1926; *The Times*, 29th and 30th November, 1926.

them.[1] On the 29th November there was an anti-foreign demonstration, but 'naval parties were landed in the British concession with satisfactory effect' and 'the processions were turned away from the concession' without incident.[2] In the House of Commons at Westminster, on the 1st December, Sir Austen Chamberlain, *à propos* of these events, made the following enunciation of British policy:

> His Majesty's Government will take all the steps which they think are required, and which they can employ, to protect British lives, but they are most loth to intervene in the domestic affairs of China apart from the necessity of fulfilling their prime duty of defending the rights of British subjects.

Meanwhile, two United States torpedo-boat destroyers had left Shanghai for Hankow on the 29th November and had been followed by a British flotilla leader on the 30th,[3] while the British community at Kiukiang, which was likewise feeling itself threatened by the anti-foreign movement, had asked that a British warship should be kept on station, off the British concession there, as a safeguard.[4]

During December, the threatened crisis was delayed. By the first of the month, the Japanese community, whose concession had been invaded by 3,000 picket-men in uniform, had capitulated, under threat of having their water and electric light cut off, to the demands of the Labour Unions, while the British Cigarette Company—one of the leading foreign concerns in business at Hankow—had preferred to close down their works and pay off their employees.[5] By the 4th December, thirty out of fifty-six local strikes had been settled (largely by concessions on the employers' part) and the general strike advertised for that date did not take place. On the other side the local Chinese business community, who were suffering from the Labour Movement as well as the foreign merchants and employers of labour, formed a union of their own to protect their interests and apparently made strong representations to Chiang Kai-shek. Thereupon a commission of eight members—two each from the Nationalist Government, the Kuomintang Party, the Chinese Chamber of

[1] Sir Austen Chamberlain, *loc. cit.*; *The Times*, 29th November, 1926.

[2] Statement by Sir Austen Chamberlain in the House of Commons at Westminster, in answer to a parliamentary question, on the 1st December, 1926; *The Times*, 30th November, 1926. Already the police force of the British concession, which was recruited partly from Chinese and partly from Sikhs, showed signs of joining in the anti-foreign movement.

[3] By the 17th December there were eighteen foreign warships lying off the foreign concessions at Hankow (*The Times*, 18th December, 1926).

[4] *Ibid.*, 1st December, 1926.

[5] *Ibid.*, 2nd December, 1926; for details see the dispatch dated the 2nd December, 1926, from the correspondent of *The Times* at Hankow, published on the 29th December; and *ibid.*, 8th December, 1926.

Commerce and the General Labour Union—was appointed to deal with the labour question at Hankow, and the current of agitation, which had been flowing in the economic channel, began to assume the form of a political movement specifically directed against foreigners.

This tendency was indicated by the formation of a Union of Foreigners' Servants and a Union of Chinese Employees of Foreign Firms.[1] Nevertheless the British Under-Secretary for Foreign Affairs, in answering a parliamentary question in the House of Commons at Westminster on the 6th December, 1926, was able to give a more reassuring account of the situation at Hankow; and, as far as Sino-British relations were concerned, the change for the better seemed to be confirmed by the visit which Mr. Miles Lampson, the new British Minister accredited to the Peking Government, paid to Hankow from the 8th to the 17th December for the purpose of conversations with the Foreign Minister of the Nationalist Government, Mr. Eugene Chen.[2] It is not impossible that this friendly move on the British side stimulated the left wing of the Kuomintang Party to concentrate their fire upon the British, as in November it had apparently been concentrated upon the Japanese. The Russian advisers of the Kuomintang—who were believed to have been always in favour of leaving the Japanese alone and concentrating upon the British—may have been stimulated simultaneously by reports of the proceedings of, or indeed by positive instructions from, the enlarged plenary conference of the Executive Committee of the Third (Communist) International, which had been sitting in Moscow from the 21st November to the first week in December and had been displaying an active interest in Chinese affairs.[3] At any rate, on the 6th December, two days before Mr. Lampson was due to arrive at Hankow, the city was placarded with posters bearing anti-British, and not simply anti-foreign, inscriptions;[4] and on the 11th, before Mr. Lampson had left Hankow, Monsieur Borodin arrived there. He was welcomed by a mass meeting at which 300,000 people were estimated (by the local Chinese Press) to have been present and at which twenty-eight out of the thirty-three speeches delivered were reported to have been anti-British in tone. The chief speech of the day was made (in English, interpreted into Chinese) by Monsieur Borodin himself.[5]

[1] *Ibid.*, 6th and 13th December, 1926.
[2] See Section (δ) (xii) (*c*) above.
[3] See *The Times*, 22nd and 26th November and 7th December, 1926; *The New York Times*, 6th December, 1926.
[4] *The Times*, 7th December, 1926.
[5] *Ibid.*, 13th December, 1926.

There was a recrudescence of the strike movement—this time directed mainly against British firms—within the next few days.[1] On the 20th December there was another meeting—this time of delegates—at Hankow, at which Monsieur Borodin spoke again. On this occasion his speech was specifically directed against Great Britain, while Sun Fo (the son of Sun Yat-sen), who followed him, denounced Mr. Lampson's conciliatory behaviour as hypocrisy.[2] On the 21st December, an attempt on the part of armed Kuomintang soldiers to make their way into the British concession was frustrated, without resort to violence, by a cordon of British marines. A Chinese officer afterwards presented an apology for the incident, and the marines were withdrawn.[3] On the 22nd, there were raids on Christian educational institutions (not only British) at Hankow during Christmas celebrations; and though there was no incident on Christmas Day itself, on the 27th there were three simultaneous mass-meetings, with an anti-Christian as well as an anti-British animus, at Hankow, Hanyang, and Wuchang, and these were followed by further anti-Christian demonstrations.[4] On the 30th December the new Foreigners' Servants' Union at Hankow presented its demands to the British Consul-General.[5] At the beginning of January 1927, an anti-foreign strike was declared at Kiukiang and a cordon of pickets was placed round the British concession there.[6] At Hankow the storm broke on the afternoon of the 3rd January.[7]

'On the morning of the 3rd January, a large mob, after listening to inflammatory speeches made by a member of the Nationalist Government and by Borodin,[8] tried to enter the British concession.[9]

[1] *The Times*, 15th, 16th, and 21st December, 1926.
[2] *Ibid.*, 22nd December, 1926.
[3] *Ibid.*, 23rd December, 1926.
[4] *Ibid.*, 28th and 29th December, 1926.
[5] *Ibid.*, 31st December, 1926.
[6] *Ibid.*, 31st January, 1927.
[7] For an authoritative account of what occurred at Hankow on and after the 3rd January, 1927, as it appeared from the British point of view, see the speech delivered by Sir Austen Chamberlain on the 10th February, 1927, in the House of Commons at Westminster. For a paraphrase of reports from the U.S. Consul-General at Hankow, relating to the 6th, 7th, 8th, and 9th January, 1927, see *The United States Daily*, 12th January, 1927.
[8] This refers to the speeches delivered in December which have been mentioned above. These were not repeated on the 3rd January.—A.J.T.
[9] There was a thoroughfare leading from the Chinese City of Hankow through the several foreign concessions and former foreign concessions—of which the British concession was the nearest to the Chinese City—along the Bund or Embankment of the Yangtse. In this, as in all other foreign concessions in China, the Land Regulations forbade the entry of Chinese troops; and the Municipal Council also claimed the right to exclude processions or disorderly crowds.—A.J.T.

During the afternoon the available naval ratings were landed and were employed, with the thirty-five marines who were already ashore, to protect the concession. During the whole afternoon they were subjected to a fusillade of bricks and stones. They never fired a single shot. Some of them were knocked down and injured.[1] There had to be a bayonet charge to rescue them, and in the course of the bayonet charge two Chinese were wounded, but not a Chinese was killed. . . . By evening,[2] these naval forces, this small naval force, were withdrawn to their ships or to head-quarters on shore, where they were held in readiness during the night. The volunteer force of the Chinese and Indian concession police[3] had been employed all day in maintaining order inside the concession.

'On the next morning, the 4th January, the Rear-Admiral arranged with the Chinese authorities that Chinese troops should guard the boundary of the concession, on the understanding that the British naval forces would be withdrawn. The Chinese did not properly carry out their part of this arrangement, for on the 4th and 5th a violent and threatening mob entered the concession, and the assistance of the Chinese and the military police had again to be called in. The fact of the matter was that it was a mob which you could not control without firing, but our officers refrained from giving the order to fire, in order not to create just that kind of incident for which the mob had been provoked and incited.'[4]

Accordingly the British naval party, which had been landed again on the afternoon of the 4th, was withdrawn for the second time (and

[1] The number of British marines wounded appears to have been three. In the passage omitted below, Sir Austen Chamberlain asked: 'Did ever troops subject to every provocation show such gallant self-restraint?' Several British civilians and one German were injured at Hankow on the same day. (For the case of the German see *The Times*, 27th January, 1927.)

[2] At 7.30 p.m. on the 3rd January the river front at Hankow appears to have been cleared by Chinese troops.—A.J.T.

[3] An Australian gentleman who was resident at Hankow throughout the events described by Sir Austen Chamberlain in this speech, makes the following observation in a personal communication to the writer of this *Survey*:

> The Municipal Council . . . has maintained order within its boundaries by means of an official police force consisting of Chinese and Sikh constables under Sikh officers with an English superintendent. For additional protection when necessary in times of civil commotion and riot reliance was placed on the British Volunteer Corps, which had its counterpart in the other foreign concessions, and as a last resort on landing parties from British warships, as on the 5th January, 1927.

The professional police force and the volunteer corps would appear to have been confused by Sir Austen Chamberlain in the passage quoted in the text. —A.J.T.

[4] Sir Austen Chamberlain, *loc. cit.* For further details see *The Times*, 5th, 6th, 7th, and 8th January, and 2nd and 10th February, 1927.

this time finally) at a late hour on the same evening; and the Chinese troops by whom under agreement between the British and the Chinese authorities the British detachment was replaced, failed either to prevent the Chinese mob from overrunning the British concession or to eject it when once in occupation. During the 5th, the strike pickets of the General Labour Union, who had entered the concession at the heels of the mob, took possession of the municipal buildings and all other public buildings except the British Consulate. Meanwhile the mob roamed at large through the concession in a mood of jubilant excitation; and this day was passed in acute suspense by the British and other foreign residents, who now found themselves with no other protection against the hostile temper of the Chinese crowd than the doubtful resolution of the Chinese troops and authorities. Happily, on this day no injury appears to have been done to the person of any foreigner, and no more than sporadic injury to foreign property;[1] and in the evening the Kuomintang Minister for Foreign Affairs, Mr. Chen, issued a proclamation declaring that the Nationalist Government had given orders to their police and their military forces to preserve law and order in the British concession and to safeguard the lives and property of the British and other foreigners. Nevertheless (and, in the circumstances, this was not surprising) all banks and business concerns in the concession suspended their activities on the 5th; and on that evening most of the British women and children, not only in Hankow but in Ichang and Kiukiang, were evacuated—to the number of 300 all told—and were sent down the Yangtse by steamers to Shanghai. The men of British or other foreign nationality in the British concession at Hankow were concentrated at a few points on the river front, whence they in their turn could be evacuated at short notice if necessary.[2] On the morning of the 6th, two more steamer-loads of British residents were evacuated to Shanghai from Hankow and two more from Kiukiang. On the same day, however, the Nationalist authorities published a proclamation forbidding attacks on British and other foreign nationals. By the 8th, the Labour Union pickets had been evicted by the Nationalist authorities from the buildings which they had seized;[3]

[1] Mr. Chen is reported to have apologized for the defacement of a British War Memorial in the British concession (*The Times*, 7th January, 1927). On the afternoon of the 5th the mob was opportunely dispersed, at a moment when its temper seemed to be rising, by a heavy fall of rain.

[2] By the 12th January, 1927, when Mr. O'Malley arrived at Hankow, the 170 remaining British civilians had all been concentrated in a single building (the Offices of the Asiatic Petroleum Company).

[3] *The Times*, 10th and 12th January, 1927.

and on the 9th[1] Mr. Chen (Minister for Foreign Affairs in the Nationalist Government), Mr. Sun Fo (Minister for Communications), and Mr. Soong (Minister for Finance) issued the following proclamation:

> In accordance with the mandate of the Central Executive Committee of the Kuomintang and the Committee of the Nationalist Government we assumed office on January 7 as council for the provisional administration of the British Concession, taking care of public safety and all municipal matters in the area, and have begun to use the seal authorized by them.[2]

At the same time the Nationalist Government announced that it had taken under its protection the Sikh municipal employees in the British concession, who appear to have ranged themselves, when the crisis came, on the Chinese side.[3]

On the 11th the following 'urgent notification from the Ministry for Foreign Affairs of the Nationalist Government' was issued to the local authorities at Hankow:

> A new situation has arisen since the Nationalists entered the former British concession. The British delegate, who is on his way from Peking, will arrive to-morrow, in order to arrange the relations between the two parties. We have repeatedly declared that the lives and property of foreign immigrants shall really be protected, and such protection must be given in order that diplomacy may be helped and facilitated in its work. It is hereby announced to the world that such protection will be afforded by the Nationalist Government. You are hereby requested to inform the populace that they must assist, and therefore stop all anti-British and anti-Christian movements during the time that the negotiations are being carried on with Great Britain.[4]

The British delegate referred to in this proclamation was Mr. O'Malley, the Counsellor of the British Legation at Peking; but, before recording his arrival at Hankow and his negotiations there with Mr. Chen, it will be convenient to note what had happened in the meantime to the British concession at Kiukiang, the future status of which was also included in the scope of the Chen-O'Malley negotiations.

At Kiukiang, the crisis had come on the 4th. That evening the women and children were evacuated from the British concession. On the 6th and 7th the concession was overrun by a Chinese mob, which in this case was guilty of a certain amount of looting and destruction of property, and the evacuation of foreign nationals was

[1] *The Times*, 10th January, 1927.
[2] *Ibid.*, *loc. cit.*
[3] *Ibid.*, 10th, 11th, and 15th January, 1927.
[4] *Ibid.*, 12th January, 1927.

completed by a general exodus; but whereas the women and children had been sent down the river to Shanghai, the men remained on board ship off the concession, the British Consul taking up his quarters on board H.M.S. *Wivern*.[1]

Mr. O'Malley, the Counsellor of the British Legation at Peking, had been dispatched to Hankow, upon receipt of the news of what had happened there, by the British Minister, Sir Miles Lampson,[2] in order to continue conversations with Mr. Chen on his behalf, with the object of arriving at some *modus vivendi* with the Nationalist Government. Accompanied by Mr. Teichman, the Chinese Secretary of the Legation, he reached Hankow on the 10th January[3] and held his first meeting with Mr. Chen on the 12th.[4] General Chiang Kai-shek also arrived at Hankow on the latter day.[5]

There is certain presumptive evidence that at this critical moment, as on other critical occasions both before and after, an acute conflict was going on, behind the scenes, between the right and left wings of the Kuomintang Party. The right wing had lacked the will or the power, or both the will and the power, to prevent the left wing from planning and executing their *coup de main* against the two British concessions; and if it were true that the left wing, in invading these concessions, had harboured the ulterior and more sinister design of provoking bloodshed which would create an unappeasable feud between the Chinese and the British peoples, the credit for having frustrated this design was due, not to any display of moral courage by the right wing of the Kuomintang, but to the courageous self-restraint of the British naval detachment at Hankow and to the cool-headed judgement of the British naval and consular authorities on the spot. On the other hand, as soon as the invasion of the British concession at Hankow was an accomplished fact, the Nationalist authorities appear to have exerted themselves sincerely and on the whole effectively in order to safeguard foreign lives and property; and it is significant that a left-wing politician like Mr. Sun Fo, who had been taking a lead in the anti-British agitation a few days before, should have associated himself publicly with these endeavours. The truth seems to be that all responsible members of the Nationalist Government realized how disastrous to their cause would be that irremediable breach with Great Britain which the extremists and their Russian advisers apparently desired to bring about. There was

[1] *The Times*, 7th and 10th January, 1927.
[2] Mr. Lampson had been made a K.C.M.G. on the 1st January, 1927.
[3] *Ibid.*, 13th January, 1927.
[4] *Ibid.*, 15th January, 1927.
[5] *Ibid.*, 14th and 15th January, 1927.

evidence that the general cessation of business by all British banks and mercantile firms in the British concession at Hankow caused the Nationalist authorities immediate embarrassment because it threatened to paralyse the whole business life of Greater Hankow—a result which would not only make it impossible for the Nationalist Government to raise urgently needed revenue, but which might finally alienate the sympathy of the local Chinese business community, already harassed and exasperated as it was by the aggressive tactics of the Labour Unions. On a wider view, the responsible Nationalist leaders doubtless also perceived how seriously their prospects would be jeopardized, in the still unconcluded civil war against the military dictators in the north, if Great Britain were driven to regard the Kuomintang cause as being distinctively identified with an anti-British movement of an implacable character. On a still wider view, they cannot have failed to realize that the enlightened public of the Western World (including Great Britain herself), to which they were appealing all the time for sympathy as 'a nation rightly struggling to be free', would be watching closely to see how they behaved on the first occasion, for eighty-seven years, on which they had held foreign residents in their power. If they gravely abused their power on this occasion, it was evident to all clear-sighted observers that the imponderable but potent force of world opinion would not declare itself in their favour.

Thus, when Mr. O'Malley arrived at Hankow on the 12th January, 1927, he found the situation outwardly quiet; but there was evidence of continued unrest below the surface, and a series of incidents suggested that the left wing of the Kuomintang had not given up hope of creating that irremediable breach which they had been prevented from creating on the 3rd. On the 11th, for example, the Belgian Consul-General at Hankow had been molested and roughly handled by a mob of coolies in the French concession.[1] Other incidents of a similar nature were an attempt to kidnap the Commissioner of Customs at Hankow (a Netherlander) on the 18th January; the seizure by strike pickets of the postmaster at Kiukiang (a Frenchman) on the same date in order to compel him to support the demands of the postal workers' union; the mobbing of the Ministry of Finance

[1] *The Times*, 13th January, 1927. This outrage was said to have been instigated by a group of Chinese brokers who harboured a grudge against the Belgian Consul-General because they had been defeated in a lawsuit with a Belgian national owing to the Consul-General's exertions on his countryman's behalf in the course of his official duty. Next day the Nationalist authorities announced that both the principals and the agents in this affair were under arrest and awaiting trial.

at Hankow on the 22nd January by railway employees, at a time when the Inspector-General of Customs was conducting negotiations there, in order to force the Minister of Finance to consent to an increase of wages; and the confinement for five hours of British officials of the Chinese Postal Administration at Hankow by pickets in order to compel them to pay wages for February in advance.

'Mr. O'Malley's negotiations with Mr. Chen took the form of endeavouring to come to an arrangement for the future administration of the British concessions at Hankow and Kiukiang. In order to preserve continuity of government he aimed at an arrangement whereby the British Municipal Council should be temporarily reinstated and the concessions then handed over, immediately after the annual meeting of ratepayers in February or March, to a new Anglo-Chinese administration in which the Chinese would have the majority of representatives.

'On the 21st January Mr. O'Malley came to the conclusion that the further prolongation of the suspension of business by British firms at Hankow would be undesirable and accordingly business was resumed on the 24th January.'[1] This example was followed within the next few days by British firms at Kiukiang;[2] and on the 22nd January Mr. Chen took an important step towards meeting British desiderata by announcing that his Government did not intend to attempt to alter the status of foreign concessions and international settlements in China by force;[3] but at this point the Chen-O'Malley negotiations at Hankow were complicated by the repercussion in Great Britain of the events of the 3rd-5th January. The British Government—painfully impressed by the fate of the British conces-

[1] See *The Times*, 24th, 25th, and 27th January, 1927.

[2] *Ibid.*, 29th January, 1927.

[3] For the text of this declaration see *The Times*, 25th January, 1927. The most significant passage was the following:

'To-day the effective protection of foreign life and property in China does not stand and can no longer rest on foreign bayonets and foreign gunboats because "the arm" of Chinese Nationalism—the economic weapon—is more puissant than any engine of warfare that a foreigner can devise.

'It is, however, the view of the Nationalist Government that the liberation of China from the yoke of foreign imperialism need not necessarily involve any armed conflict between Chinese Nationalism and the foreign Powers. For this reason the Nationalist Government would prefer to have all questions outstanding between Nationalist China and the foreign Powers settled by negotiation and agreement.

'To prove that this is no idle statement of policy the Nationalist Government hereby declares its readiness to negotiate separately with any of the Powers for a settlement of treaty and other cognate questions on the basis of the economic equality of mutual respect [*sic*] for each other's political and territorial sovereignty.'

sion at Hankow and deeply concerned that a similar fate, with the possibility of far more disastrous consequences, should not overtake the International Settlement at Shanghai—had given orders on the 17th–22nd January for the dispatch of a Shanghai Defence Force.[1] On the 24th January, Mr. Chen recorded a formal protest against the dispatch of this British force to Shanghai. On the other side, as an earnest of the British Government's good faith in declaring that the dispatch of the Shanghai Defence Force was merely a precautionary measure which did not imply any reversal of the British policy laid down on the 18th December, 1926, Mr. O'Malley communicated to Mr. Chen, on the 27th January, the text of those additional British proposals, concerning the modification of extra-territorial privileges, which have been described above.[2] As has been mentioned in a previous section,[3] the text of the proposals, as communicated to Mr. Chen, were prefaced by the following paragraph:

> When a satisfactory settlement has been reached in respect to the British concessions at Hankow and Kiukiang, and when assurances have been given by the Nationalist Government that they will not countenance any alteration, except by negotiation, of the status of the British concessions and international settlements, His Majesty's Government will be prepared to concede at once, and on the lines indicated in the enclosure hereto, a part of what is desired of them by the Chinese Nationalist Party.

In the body of the proposals, as communicated to Mr. Chen, a specific reference to the British concession at Hankow was included in the following terms:

> His Majesty's Government are prepared to discuss and enter into arrangements, according to the particular circumstances, at each port concerned, for the modification of the municipal administrations of British concessions so as to bring them into line with the administrations of the special Chinese administrations set up in former concessions at Hankow or for their amalgamation with neighbouring concessions or former concessions now under Chinese control or for the transfer of police control of the concession areas to the Chinese authorities.

By the 29th January, the negotiations between Mr. O'Malley and Mr. Chen regarding the future status of the British concessions at Hankow and Kiukiang were concluded, and it was arranged that the agreement should be signed next morning. Mr. Chen then proposed further amendments, but these were dealt with, to the satisfaction of both parties, during the morning of the 30th, and it was then arranged that the agreement should be signed in the afternoon; but,

[1] See Section (δ) (xii) (*f*) below.
[2] See Section (δ) (xii) (*c*).
[3] See foot-note on p. 333 above.

before the hour arrived, Mr. Chen announced that unforeseen events had supervened which made the signature of the agreement impossible, and on the 1st February he read a statement[1] to Mr. O'Malley to the effect that 'the continued concentration of the British forces referred to as "the Chinese Expeditionary Force",[2] as well as certain military information regarding the laying down of a British plan of war operations in China, which' had 'now come to the knowledge of the Nationalist Government', made it impossible for the Nationalist Government 'to continue to view the British concentration at Shanghai except as an act of coercion directed against Chinese Nationalism. To sign any agreement in these circumstances would be tantamount to signing under duress or force'; and 'the Nationalist Government must perforce await the end of this period of duress' before authorizing signature. In conclusion Mr. Chen declared that 'this period could be ended immediately or at any time by the British Government re-envisaging the effect on the Chinese mind of the present concentration of their naval and military forces at Shanghai'.

Therewith, the negotiations came temporarily to a standstill, and the outlook did not appear to be improved by a speech,[3] delivered by Mr. Chen on the 5th February, in which he complained of the British Government's action in communicating the proposals of the 27th and 28th January simultaneously to Hankow and Peking, and demanded that they should deal with his own Government exclusively. Nevertheless, on the 7th February the Chen-O'Malley negotiations were resumed.[4] On the 14th, a second crisis appears to have arisen over Sir Austen Chamberlain's speech of the 10th February in the House of Commons at Westminster, which Mr. Chen at first interpreted as being unsatisfactory from his point of view. The negotiations were again interrupted, and Mr. O'Malley found himself obliged to ask for further instructions.[5] On the 15th February, however, Mr. Chen declared, on second thoughts, that Sir Austen Chamberlain's speech of the 10th 'had enabled him to detach the question of the Hankow concession from those of the sending of troops to Shanghai and of

[1] Text in *The Times*, 3rd February, 1927.

[2] The official British designation of this force was in reality not 'The Chinese Expeditionary Force' but 'The Shanghai Defence Force'.

[3] Text in *The Times*, 8th February, 1927.

[4] It would appear from Sir Austen Chamberlain's speech of the 10th February, 1927, in the House of Commons at Westminster that, on the 1st February, Mr. O'Malley had prevailed upon Mr. Chen to give 'a not very definite undertaking . . . that he would think matters over and communicate with Mr. O'Malley again.'

[5] *The Times*, 15th and 16th February, 1927.

treaty revision, and to confine his efforts to an agreement with regard to the Hankow concession—to the terms of which both sides had assented';[1] and the fresh instructions received by Mr. O'Malley from the British Government appear to have facilitated the signature of the agreement on the British side.[2] Accordingly, the Hankow Agreement was eventually signed by Mr. O'Malley and Mr. Chen at Hankow on the 19th February[3] and was communicated by Sir Austen Chamberlain to the House of Commons at Westminster on the 21st.

Agreement relative to the British Concession at Hankow.

The proper British authorities will summon the annual general meeting of ratepayers in accordance with the Land Regulations on the 15th March. The British municipality will thereupon be dissolved and the administration of the concession area will be formally handed over to a new Chinese municipality. Pending the handing over to the new Chinese municipality on the 15th March, the policing of the concession and the management of the public works and sanitation will be conducted by the Chinese authorities now in charge thereof.

The Nationalist Government will upon the dissolution of the British Council forthwith set up a special Chinese municipality, modelled on that of the Special Administrative District,[4] for the administration of the concession area under regulations which will be communicated to His Britannic Majesty's Minister by the Minister for Foreign Affairs of the Nationalist Government. These regulations will remain in force until such time as arrangements have been negotiated for the amalgamation of the five Hankow concessions and former concessions into one unified municipal district.

Dated this 19th day of February, 1927.[5]

CHEN YU-JEN,
Minister of Foreign Affairs,
Nationalist Government.

For His Britannic Majesty's Minister,
OWEN O'MALLEY.

The regulations referred to above, as previously agreed between the two parties in the course of the negotiations, were duly communicated by Mr. Chen to Mr. O'Malley simultaneously with the signature of the agreement. They need not be analysed in this place, since they have already been printed in full in a previous volume of this series.[6]

[1] *Ibid.*, 17th February, 1927.
[2] *Ibid.*, 19th February, 1927.
[3] *Ibid.*, 21st February, 1927.
[4] i.e., the area of the former German concession at Hankow.
[5] Reprinted from the British Parliamentary Paper, *Cmd.* 2869 of 1927: *Papers respecting the Agreements relative to the British Concessions at Hankow and Kiukiang.*
[6] Sir Frederick Whyte: *China and Foreign Powers: An Historical Review of their Relations* (published under the auspices of the Royal Institute of International Affairs by the Oxford University Press, 1927, 2nd edition, 1928).

'Certain declarations were appended to the Hankow Agreement. An exchange of letters conveyed assurances that both parties would do all in their power to implement the agreement;[1] the Nationalist Government stated that their policy was not to use force or to countenance the use of force to effect changes in the status of foreign concessions or international settlements,[2] and laid it down that no local or other Chinese authorities except the Nationalist Government could negotiate in respect of such matters, a reservation which Mr. O'Malley, in taking note of the declaration, stated that the British Government could not regard as binding on them.[3]

'Mr. Chen's third declaration contained a protest against the landing and presence of British troops in the International Settlement at Shanghai, but accepted the statement made by Sir Austen Chamberlain on the 10th February as a sufficient concession to enable him to sign the agreement.[4] This statement underlined the fact that the troops were sent for purposes of protection only; that the British Government would continue to maintain a strict neutrality in the Chinese civil war; and that if the Hankow Agreement was signed'

> the troops which came from India, and which are already on their way to Shanghai, will be landed at Shanghai. . . . But the further troops going from the Mediterranean and from home will be concentrated in Hongkong and will not proceed to Shanghai unless they also should be required by the emergence of fresh or greater danger.[5]

Finally, the Nationalist Government made a declaration on the 19th February to the effect that the Hankow Agreement had been concluded by them with special reference to the facts of the new *status quo* in the area of the former British concession at Hankow, and that it was not intended by them to serve as a precedent for the settlement of the future status of any British or other concessions elsewhere in China.[6] On the 20th February, however, Mr. Chen and Mr. O'Malley signed a further agreement[7] providing that a settlement on similar lines to that concluded in the case of the Hankow concession should immediately be made in the case of the concession at Kiukiang. If any direct losses due to the action or culpable negligence of the agents of the Nationalist Government had been suffered by British subjects during the recent disturbances at Kiu-

[1] *Cmd.* 2869 of 1927, Nos. 4 and 5.

[2] *Op. cit.*, No. 8. This declaration took the form of a reaffirmation of the manifesto of the 22nd January which has been quoted above.

[3] *Op. cit.*, No. 9.

[4] This was virtually an official repetition of Mr. Chen's unofficial statement of the 15th February which has been quoted above.

[5] See Section (δ) (xii) (*f*) below.

[6] *Cmd.* 2869 of 1927, No. 7.

[7] *Op. cit.*, No. 2.

kiang, such losses were to be compensated by the Nationalist Government.

On the 23rd February Mr. O'Malley proceeded from Hankow to Kiukiang in order to visit the British community there, who were carrying on their business from a steamer moored in the river.[1] After returning to Hankow, he eventually proceeded to Shanghai *en route* for Peking. The results of his labours—results which it had required much time, patience and resourcefulness to achieve—did not find much favour with most of the parties concerned. The British and other foreign communities in other Chinese treaty ports were inclined, when they became acquainted with the terms of the Hankow Agreement, to regard it with something like dismay as a probably irreparable breach in the walls of their inmost citadel,[2] and their dissatisfaction increased when it appeared that the signature of the agreement had not been followed immediately by an improvement in the situation of foreigners at Hankow itself or in other parts of the Yangtse Basin.[3] At Hankow itself, the local British community —who, during the Chen-O'Malley negotiations, had supported the policy of coming to an agreement with the Nationalist Government —subsequently changed their tone, partly under the influence of adverse criticisms of the agreement in the Shanghai and Tientsin British Press, and partly because, for the first six or seven weeks after the signature of the agreement, the situation at Hankow was actually worse than before (though after that there was a considerable improvement, coincident in date with the arrival of two British cruisers, H.M.S. *Vindictive* and H.M.S. *Carlisle*). On the other side, the left wing of the Kuomintang and their Russian advisers were dissatisfied partly because the controversy had been settled by a compromise instead of by an unconditional surrender on the part of the British Government, but perhaps still more because there had been a settlement at all (apart from the question of the actual terms) instead of the open breach for which they had been working. For people of goodwill, however, and this on both sides, the obvious

[1] *The Times*, 25th February, 1927.

[2] Their point of view is well expressed in the following passage, published in *The Times*, 9th March, 1927, from the correspondent of that Journal at Tientsin:

> The British communities in China have had many experiences and can accommodate themselves to almost anything, but the bedrock basis of their fortitude is that when the worst comes to the worst they can retire into their concessions and hold on till the storm passes. The foreign concession is a haven of safety for all, foreign and Chinese, when in jeopardy, and it always, even in normal times, holds more Chinese than foreigners.

[3] *The Times*, 22nd February and 5th March, 1927.

imperfections and the temporary ineffectiveness of the Hankow Agreement did not outweigh the negative yet extremely important result which it had achieved in preventing the occurrence of just that breach which the extremists desired—a breach which would probably have been followed by a renewal of the militant anti-British movement of 1925, and would certainly have greatly increased the danger of a violent collision between the British 'Shanghai Defence Force' and one or other of the Chinese armed forces at that time on foot in the neighbourhood.

Note on the suggested Rendition of the British Concession at Tientsin.

The occupation of the British concessions at Hankow and Kiukiang by the Chinese during the first week of January 1927 and the subsequent negotiations between Mr. Chen and Mr. O'Malley, which resulted in the signature of the Hankow Agreement on the 19th February, 1927, produced a repercussion in China outside the limits of the territories at that time under Kuomintang control. It has been explained already that, throughout China, such public opinion as existed was unanimously in favour of getting rid of the special privileges enjoyed by foreign Governments and nationals, and that Chinese military dictators, though they might be indifferent personally to this national aim, could not afford to display less zeal in a popular cause than their rivals. Accordingly, the events of the 3rd January, 1927, at Hankow were followed within ten days by a discreet intimation from the Peking Government that, if Great Britain were to acquiesce in the loss of two concessions on the Yangtse, she would be expected to consider favourably a request for the voluntary rendition of the British concession at Tientsin.[1]

The British Government had, in fact, committed itself explicitly to the principle of non-discrimination in dealing with the several authorities which were at that time exercising the functions of government *de facto* in different parts of China; and in accordance with this principle the proposals submitted on the 27th January by Mr. O'Malley to Mr. Chen at Hankow [2] were also submitted on the 28th to the Peking Government by Sir Miles Lampson. In this case paragraph 6, which related to the possible modification of the existing régime in British concessions in China, was presented in general terms, without the inclusion of any reference to Tientsin corresponding to the specific reference to Hankow which had been included in the version presented to Mr. Chen. Nevertheless it appears to have been understood that the British concession at Tientsin was in this instance the concrete case to which the general formula had application; [3] and consequently during the last week of January 1927, when the purport of the Chen-O'Malley negotiations at Hankow became known to the British community at Tientsin, there was a sharp fall in local land and property values.[4]

The British concession at Tientsin, which had been established (simul-

[1] *The Times*, 14th January, 1927.
[2] See Sections (δ) (xii) (*c*) and (*e*) above.
[3] *The Times*, 29th January, 1927.
[4] *Ibid.*, 5th March, 1927.

taneously with the French concession in the same place) in 1861 and had since been twice extended (first in 1897 and again in 1903), was the most important member of a group of five foreign concessions at Tientsin in which the foreign trade of the metropolitan area of China was at this time focussed.[1] The area of the British concession of Tientsin was 992 acres (as against the 155 acres of the British concession at Hankow and the 72 acres of that at Shameen); and the aggregate area of all the foreign concessions and former foreign concessions at Tientsin was 3,475 acres (as against the 5,584 of the international settlement and the 2,483 of the French settlement at Shanghai).

Thus the problem at Tientsin was on a different scale from that at Hankow, and it was therefore decided, as a first step, that a mixed committee should be appointed to discuss various questions and make recommendations as a basis for formal negotiations.[2] An Anglo-Chinese Commission was accordingly constituted consisting of three British and seven Chinese delegates—two representatives of the Peking Government, two of the Chihli Provincial Government, and three of the Ankuochun. The first meeting of the commission was held on the 4th April, 1927, in the British concession.[3] While the commission was in session, the British community in Tientsin held a meeting to consider the situation, at which certain demands were put forward for the immediate breaking off of negotiations. The meeting decided, however, to await the possibility of an equitable settlement, the general impression being, apparently, that the Chinese were anxious to come to terms and only needed to be convinced that the limit of concessions had been reached.[4] By the 22nd April, the Anglo-Chinese Commission had concluded its deliberations and had initialled recommendations[5] which were understood to be acceptable to the Chinese. No formal agreement, however, could be concluded until the draft had been approved by the British Government.[6]

(*f*) The Situation at Shanghai and the Dispatch of the Shanghai Defence Force by the British Government.

The dispatch of the British Defence Force to Shanghai was ordered by the British Government, between the 17th and the 22nd January, 1927, for reasons which were afterwards explained by Sir Austen Chamberlain as follows:

> The seizure of the British concession [at Hankow] was an unjustifiable attack on the long-established rights of the British commercial community. It was followed by a similar event at Kiukiang. It was clear from these episodes that there is no guarantee for the safety of British lives or property in Chinese cities under the authority of the Nationalist Government in the present revolutionary state of affairs. Any incident might have led to bloodshed. It was equally clear that the British forces on the spot were insufficient to protect British subjects. It was obvious

[1] See *The China Year Book*, 1926, p. 886, and *The Times*, 9th June, 1927.
[2] *The Times*, 9th March, 1927.
[3] *Ibid.*, 19th April, 1927.
[4] *The Times, loc. cit.*
[5] *Ibid.*, 23rd April, 1927.
[6] *Ibid.*, 17th May, 1927.

that, with the advance of the Nationalist forces towards Shanghai, similar danger threatened the large British community residing there, and the immense interests which British enterprise has built up in that city. Further, whereas the comparatively small communities at Hankow and Kiukiang could be safely evacuated to Shanghai at short notice, there could be no speedy evacuation of the much larger British population at the latter town. In these circumstances, His Majesty's Government decided, as a precautionary measure, to send such troops to China as they were advised were required for the protection of the British community at Shanghai. The composition of this force is in itself a guarantee that it can only be utilized for the defensive purposes for which it is exclusively intended. It is hoped that it will soon be withdrawn, or better still, that it may never have to land in China; but His Majesty's Government are determined that what has happened at Hankow and Kiukiang shall not be repeated at Shanghai, and that the lives of the British community there shall be protected against all danger.[1]

From this statement it would appear, first, that the British Government regarded the problem of security in the international settlement at Shanghai as calling for measures of a different order from those which it had taken in the case of the British concessions at Hankow and Kiukiang; and, second, that it regarded itself as bearing a greater responsibility than any of the other foreign Governments concerned with Shanghai for taking whatever measures might be necessary there, in spite of the fact that British subjects at Shanghai were living, not in a British concession, but in two foreign settlements, one of which was international and the other French. In order to understand how the British Government came to take this view—and to hold it with such conviction as to send out a Shanghai Defence Force, notwithstanding the embarrassment which this step was evidently bound to cause to British diplomacy in the execution of the general policy towards China which had been enunciated on the 18th December, 1926—it is necessary to take into account the general situation at Shanghai as it stood at the beginning of the year 1927.

Shanghai was one of the five original treaty ports which had been opened to foreign trade, by British exertions, under the Sino-British peace treaty signed at Nanking on the 29th April, 1842. The port had been formally declared open to trade, by the first British consul stationed there, on the 17th November, 1843. During the eighty-three years which had elapsed since that date, Shanghai had not only

[1] Communication made by the British Government to the League of Nations on the 8th February, 1927. The paragraph here quoted is a repetition, almost word for word, of the corresponding passage in the speech delivered by Sir Austen Chamberlain at Birmingham on the 29th January, 1927.

become by far the greatest port in China [1] but—in consequence of the rapid expansion of China's foreign trade—it had come to rank among the leading ports of the world.

The boundaries of treaty ports in China had never been defined; but if they were taken to include the whole urbanized area in which the activities connected with the economic life of each port were carried on, then Greater Shanghai might be said to extend from Woosung, on the estuary of the Yangtse, up both banks of the Whampoo River for at least twenty-two miles from its mouth,[2] while on the left bank of the Whampoo, above the Soochow Creek, it stretched backwards (i.e. westwards) from the water's edge to a depth of at least six miles on a three mile-front. In 1926, this area probably contained a population of more than two and a quarter millions, of whom not more than 40,000 were non-Chinese; [3] but it was the advent and enterprise of the handful of foreigners which

[1] The position of Shanghai may be illustrated by the following figures (taken from *Foreign Trade of China 1925*. Part I: *Report and Abstract of Statistics*, issued by the China Maritime Customs) which show the value in Haikwan taels of the whole trade (exclusive of re-exports of foreign goods to foreign ports) carried on in Chinese ports in 1925 by vessels under the supervision of the Maritime Customs:

	Total all Chinese ports.	*Shanghai*	*per cent.*
Net foreign imports	953,960,446	259,040,798	27·15
Net Chinese imports	607,536,359	113,037,033	18·60
Exports	1,416,329,099	382,618,547	27·02
Total	2,370,289,545	754,696,378	33·23

The next largest totals were shown by Hankow (288, 761, 077 taels) and Tientsin (287, 704, 766 taels).

[2] The lower sections of this river frontage, i.e. about ten miles out of the total twenty-two, were not yet continuously built over.

[3] The report of the Shanghai Municipal Council (i.e. the Municipal Council of the international settlement) offered the following estimate of the population of Greater Shanghai including the floating population, but excluding both Woosung and the river frontage between Woosung and the international settlement:

Area.	*Population*	
(*a*) International Settlement		848,000
(*b*) French Settlement		265,000
(*c*) Chinese City + Nantao	800,000	
(*d*) Chapei + Paoshan	200,000	
(*e*) Pootung	150,000	
Aggregate of areas under Chinese administration		1,150,000
Grand total for Greater Shanghai (not including Woosung or the river frontage between Woosung and the international settlement)		2,263,000

had made Shanghai what it was,[1] and the importance of the part which they played in the economic life of the place was reflected in their predominance in the local administration.

At the beginning of 1927 Greater Shanghai, though it constituted an indivisible unit from the economic point of view, was partitioned between three entirely separate territorial administrations.

There was an outer zone administered by a purely Chinese authority,the so-called 'Directorate of the Port of Shanghai and Woosung', which included Woosung and Chapei on the north and Pootung on the right bank of the Whampoo, as well as Nantao and the Old Chinese City on the left bank of the Whampoo to the south of the two foreign settlements. In Chapei and in Nantao (including the Old City) there were Chinese municipalities, and the Directorate of the combined area was advised by a Chinese consultative council of nine. These Chinese municipal institutions in the outer zone of Shanghai had been directly inspired by those (described below) which had previously grown up in the two foreign settlements; and they were of comparatively recent date. The Chapei municipality only dated from 1906, and the Directorate of the Port only from the 5th May, 1926, when it had been inaugurated by Sun Ch'uan-fang. In an inaugural address [2] delivered on that date to the Chinese General Chamber of Commerce, the founder had declared that the purpose of the new organization was

> to unite all the administrative powers [in the outer zone of Shanghai] into one centre, so that it might have the necessary authority to improve the municipal government, plan a new port, and settle long-standing diplomatic disputes, gradually converting the area outside the foreign settlements into a model city, the result of which should form the basis for our demand for the abolishing of foreign concessions.[3]

[1] It should be noted that, while the area of the Treaty Port at Shanghai remained undefined, there was a definite limit to the area, outside the international settlement and the French settlement, in which foreigners were entitled to buy land.

[2] Text in *The China Year Book*, 1926, pp. 1012–14.

[3] Sun Ch'uan-fang admitted frankly that the standard of municipal government attained in the two foreign settlements at Shanghai, or in concessions leased in other treaty ports to particular foreign Powers, was immeasurably superior to anything which the Chinese had yet built up for themselves. In the address, quoted above, he continued as follows:

> "This has been one of my dearest dreams, for whenever I come to a treaty port I feel thoroughly humiliated, not only because a treaty port is a standing reminder of our loss of sovereignty, but also because whenever we pass from the concessions into Chinese territory we feel that we are crossing into a different world. The former is the upper and the latter is the underworld, for nothing in the Chinese territory—roads, buildings, or public health—can be compared with the concessions. This is the greatest of our national humiliations, much greater in my opinion than the loss of sovereignty."

Sun Ch'uan-fang had himself assumed the office of Director-General of the new organization, but as acting Director he had appointed Dr. V. K. Ting [1]—an able Chinese who had been educated at the University of Glasgow and who was at that time a member of the Sino-British Boxer Indemnity Advisory Committee.[2] During the few months' grace allowed him by the course of the southern campaign of the civil war, Dr. Ting appears to have made a promising attempt to set to work on his herculean task; but by the time when the British Government issued its orders for the dispatch of the Shanghai Defence Force, Dr. Ting's labours were on the verge of being undone. Sun Ch'uan-fang was tottering to his fall, and the Fengtien and Kuomintang forces were preparing to fight over the spoils, of which the chief was Shanghai itself.

Thus this first systematic effort to build up in Outer Shanghai a Chinese municipal régime comparable to the foreign municipalities already long established in the two settlements was arrested before it had begun to bear the fruits which had been hoped for at its foundation. There remained the two settlements, whose municipal institutions rested upon a treaty basis and, as an ultimate sanction, upon the armed forces of the Treaty Powers.

By 1927, the treaty basis of the French settlement and the international settlement had been buried under a superstructure which would have astonished those foreign and Chinese negotiators who had laid the modest foundations little more than eighty years before. In the Sino-British supplementary treaty of the Bogue (8th October, 1843) it had been stipulated (Art. 7) that, at the five ports opened under the Treaty of Nanking, ground and houses should be set apart, by the local Chinese officers in communication with the British consul, for foreign merchants who resorted there, the number of houses being subject to no limitation. A similar privilege had been granted to the French by Article 22 of the Treaty of Whampoa (1844) and to the Americans by Article 17 of the Treaty of Wanghea (1844). On this somewhat slender basis there had been built up at Shanghai—by an extraordinary institutional development in which the pace was continually forced by the even more extraordinary economic development of the port—a pair of municipalities in which the powers of administration were shared between elected bodies, representing the foreign land-renters in the municipal area, and the consular authorities of a foreign Government or Governments. In the French settlement (currently, though inaccurately, known by the French themselves

[1] For a notice of Mr. Ting see *The Times*, 7th June, 1926.
[2] See *Survey for 1925*, vol. ii, Part III, Section (vii).

as 'the French concession')[1] the powers of the French Consul were paramount over those of the land-renters' representatives. In the international settlement the relative distribution of powers was reversed.

This international settlement had been formed, in 1854, out of an original British settlement organized in 1845, and had been successively enlarged, first in 1864 by the incorporation of an American settlement formally granted in 1863, and then in 1899 by an extension of area over districts previously under Chinese administration. In every respect, this settlement was the more important of the two.

In 1927 the international settlement had an area of 5,584 acres (equivalent to $8\frac{2}{3}$ square miles)—apart from the areas developed by the Municipal Council beyond the settlement limits. It had a Chinese population of 810,279 (that is, about one third of the total Chinese population in the whole area of the Treaty Port) and a foreign population of 22,552 (as compared with 7,097 in the areas developed beyond the settlement limits and 6,919 in the French settlement). 'Out of this population the only persons qualified to vote in the election of councillors and at meetings of ratepayers were foreigners who either owned land not less than 500 taels in value and paid an annual assessment of not less than 10 taels, or else were householders paying on an assessed rental of not less than 500 taels per annum. The total number of votes under this system was no more than 2,472, of which the British held 1,157, the Japanese 552, and the Americans 328. There were no plural voters, as the principle governing voting was 'one interest, one vote', so that even a large real estate company owning perhaps hundreds of lots of land would possess but one vote. On the other hand, one ratepayer might possess several extra voting tickets in respect of distinct interests represented by him or in respect of powers of proxy held for absent ratepayers. The actual voting power therefore resided in considerably fewer persons than 2,472, which was the total number of votes.

'The council consisted of nine members. In view of the great preponderance of British interests in Shanghai there would have been no difficulty in electing nine British councillors, but for several years there had been an understanding that six of the nine should be British, two American, and one Japanese. In 1927 this proportion was altered to five British, two American, and two Japanese. The

[1] Technically a 'concession' was an area assigned by the Chinese Government to some foreign Government which then re-assigned the land to private individuals, whereas a 'settlement' was an aggregate of parcels of land assigned directly to private individuals of foreign nationality by the Chinese authorities.

chairman had invariably been British until 1923, when, in the absence of any outstanding Britisher, an American (Mr. Fessenden, who was also chairman in 1927) was elected to that position. Some idea of the heavy and multifarious duties of the councillors will be conveyed by the fact that they were divided into no less than twelve committees with the following terms of reference: watch and defence, works, staff, public utilities, finance, rate and appeal, health, parks, orchestra and band, library, electricity, foreign education, Chinese education.

'The council employed a very large permanent staff, which was divided into the following departments:

Secretariat, under a Secretary with a foreign staff of twenty-six.

Revenue Office, under a Commissioner of Revenue with a foreign staff of forty-two.

Finance Department, under a Treasurer and Comptroller with a foreign staff of twenty-three.

Electricity Department, under an Engineer-in-Chief and Manager with a foreign staff of 179.

Works Department, under a Commissioner of Public Works and a foreign staff of 118.

Health Department, under a Commissioner of Public Health with a foreign staff of 137.

Fire brigade, with a foreign staff of forty-three.

Police force, under a Commissioner of Police, with a personnel of 327 foreigners, 59 Japanese, 779 Sikhs, and 1,737 Chinese.

Volunteer Corps, with a strength of 1,438, under the command of a colonel in the British army, seconded by the British War Office.[1]

Orchestra and Band, with a personnel of forty-three.

[1] For details see *The China Year Book*, 1926, pp. 1088–9. This corps had been founded in 1854 for the protection of the settlement during the local disorders arising from the T'aip'ing Rebellion. Its first engagement had been the Battle of Muddy Flat (fought in April 1854, the month in which the settlement became international instead of British), in which the foreign volunteers, in co-operation with blue-jackets landed from British and American men-of-war, drove out of range of the settlement boundaries (as they stood at that date) a Chinese Imperialist force which was operating against a T'aip'ing garrison in the Old City of Shanghai. The Shanghai Volunteer Corps had 'always been a highly efficient and highly organized body'. In 1926 it was not only commanded by an officer seconded from the British Regular Army but was fitted out with equipment on loan from the British Government, including four 4·5 inch quick-firing field howitzers, four 2·75 inch mountain guns, 1,000 stands of S.M.L.E. Mark III rifles and bayonets, 1,100 sets of Webb equipment, and 20 Lewis guns. It also possessed 8 armoured cars and a number of Vickers machine guns. In fact, it was a Western international army in miniature; but its activities were not under the control of any Western Government —not even the British Government, to whose benefactions it was so deeply indebted. It was a formidable weapon in the hands of the Municipal Council

'The council also maintained four schools for foreign children and four schools for Chinese children, with a total teaching staff of 118 foreigners. Above all the departments, and standing between the departments and the council, was a Commissioner-General, whose functions were those of a managing director. The overwhelming majority of the foreign employees of the council were British.

'The municipal budget for the year 1926 showed an ordinary revenue and expenditure of just over 10,000,000 taels (which was larger than the revenue of most provinces in China). The principal items of expenditure were: Police, 2,498,750 taels; Public Works, 2,560,780 taels; Education, 494,670 taels; Health Department, 757,560 taels. The loans and debentures outstanding on the 31st December, 1925, amounted to 39,498,800 taels and £770,000.[1]

'The total foreign population of Shanghai (exclusive of Pootung), as shown by the census taken by the Municipal Council in 1925, was 36,568, distributed as follows:

International Settlement	22,552
Areas developed by the Municipal Council beyond the settlement limits	7,097
French concession	6,919
Total	36,568

This population was divided among thirty-nine nationalities. The British population of Shanghai (including Indians) was about 9,300, of whom 5,620 were living in the international settlement, 1,413 in the municipally developed areas outside, and the rest (about 2,300) in the French concession.'

Land at Shanghai standing in British names (including names of British trustees for Chinese beneficiaries) was valued in 1926 at a

of the international settlement, who were responsible to no higher authority for the manner in which they employed it. Virtually, the foreign community in the international settlement at Shanghai constituted an independent military power. It was, however, a power of such diminutive proportions that it could not, unaided, contemplate a serious trial of strength even with the Chinese community within its gates, not to speak of the rest of 'the 400 millions' on the other side of the municipal boundary. In a crisis, it could not dispense with naval and military protection from one or more of the Treaty Powers; and this gave the British (and to a lesser extent the American and Japanese) Governments a certain leverage for bringing pressure to bear on the Municipal Council (on this point see an article by Mr. T. F. Millard in *The New York Times*, 25th April, 1926). There remained a certain possibility, however, that the Municipal Council might force the hands of the Powers by making some irresponsible use of the Volunteer Corps, in the belief that, in the last resort, the Powers would come to the rescue rather than abandon so many foreign lives and so large an amount of foreign property to the mercy of the Chinese.

[1] Somewhat less than 20 per cent. of the debentures were believed to be held by Chinese in 1927.

little under 400,000,000 taels (over £50,000,000 sterling), of which at least one half was the actual property of British subjects. The figures for the international settlement alone showed that the actual property of British subjects, amounting to 167,000,000 taels, was more than six times the Japanese holding of 26,000,000, more than eighteen times the American holding of 9,000,000, and more than sixty-five times the holdings of all the remaining foreign nations, which came to an aggregate of 2,500,000.

The constitution of this international settlement, in which such vast Chinese, British, and other foreign interests were involved, was a tissue of anomalies; and several of these anomalies—accepted passively on the Chinese side during the age of unquestioned foreign ascendancy in China—had become subjects of intricate and often acrimonious controversy since the rise of Chinese Nationalism.

The controversy over the rendition of the Mixed Court, which was terminated by the actual re-transference of the Court to Chinese hands on the 1st January, 1927, has been dealt with in the preceding volume.[1] This controversy had been involved, at various stages, with the controversies over Chinese representation on the Municipal Council and over settlement extension.

In January 1927 the Chinese population of the international settlement still had no representation on the Council, although it constituted 97·2 per cent. of the total population of the municipal area and (according to figures issued in 1927 by the Municipal Council) contributed 55 per cent. of the rates. On the face of it, this was an anomaly in a piece of territory which in law had never ceased to be under the full sovereignty of the Chinese Government. On the other side, the foreign land-renters might argue that the allotments out of which the settlement had grown had originally been set apart exclusively for foreign occupation, and that the Chinese population had originated in an influx of refugees who had been given asylum on sufferance during the T'aip'ing Rebellion of 1850–65. To this, again, the Chinese inhabitants might retort that their presence had contributed very largely to the extraordinary prosperity of the settlement as a whole and of the foreign residents individually. Of arguments and counter-arguments there was no end. It still remained to find some practical compromise between the Chinese and the foreign communities' points of view.

[1] *Survey for 1925*, vol. ii, Part III, Section (xi). The texts of the agreement signed on the 31st August, 1926, and of the supplementary agreement embodied in an exchange of notes of the 31st December, are reprinted in the appendix to the present volume.

In 1906, in the light of joint action which had been taken with success by the Municipal Council and the local Chinese guilds to allay the unrest left behind by the riots of December 1905, a proposal had been initiated by leading Chinese inhabitants of the international settlement for the formation of a Chinese non-official consultative committee; but this proposal had been quashed by the foreign community in a resolution passed at the annual meeting of ratepayers. This rebuff had deprived the Chinese of the hope that they might be admitted voluntarily, by gradual stages, to a share in the control of the municipal administration of the international settlement; and from that time onwards they strenuously opposed the extension of this foreign municipality's control or influence beyond the enlarged borders of the settlement as drawn in 1899. The influence of the municipality had been extended further afield by a process of 'peaceful penetration' in virtue of the Land Regulations of 1869,[1] which had empowered the Council to purchase land outside settlement limits for the construction of roads. The Council had developed the theory that municipal ownership of such roads entailed municipal control for all purposes (e.g. policing, sanitation, and the laying of water mains), including even the right of preventing the Chinese police of the districts through which these roads ran from performing their functions on them. Between 1869 and 1906 this had become a matter of 'established practice'; but in 1906 the Chinese took a positive step to prevent further encroachments of the kind by setting up a Chinese municipality in Chapei—a densely inhabited Chinese quarter of Shanghai which formed an awkward salient in the northern boundary of the international settlement as drawn in 1899. Friction between the two rival municipalities followed; and in 1913, at a moment when Chapei was in the hands of the Kuomintang and seemed likely to become a battle-ground of the Chinese Revolution, the Municipal Council of the international settlement persuaded the Consular Body to sanction the occupation of Chapei by the Shanghai

[1] In 1869, a set of Land Regulations for the international settlement at Shanghai, as well as a *Règlement* for the French settlement, had been sanctioned provisionally by the diplomatic representatives at Peking of all the Treaty Powers. This sanction involved, for each of the Powers concerned, an obligation to compel any of its nationals who were domiciled in either settlement to obey the municipal bye-laws. (Under the system of extra-territoriality, such compulsion could be brought to bear only by the Powers themselves, not by the Chinese Government nor again by the municipal authorities, whose only remedy against foreigners who disobeyed their bye-laws was to bring them before the consular courts.) On the other hand, the sanction of the Chinese Government had never been asked for. It was a nice question whether the regulations of 1869 could be held to have been tacitly or implicitly recognized thereafter by the local Chinese authorities.

Volunteer Corps (a force maintained at the expense of the rate-payers of the international settlement and controlled by the Municipal Council).[1] The Volunteers duly occupied Chapei on the 27th July, 1913, and were followed two days later by Indian detachments of the international settlement police; but the *coup* was a failure, and the police had to be extricated on the same day by the intervention of British and American bluejackets. After this unfortunate incident attempts were made, on the initiative of the British Government, to secure Chinese consent to settlement extension in exchange for the rendition of the Mixed Court and for Chinese participation in the municipal administration of the international settlement; but these diplomatic endeavours were not seconded by the foreign community in Shanghai itself. In 1920, the Council voted unanimously against Chinese representation on the Council 'on any consideration', and a motion in favour of Chinese representation was defeated by a large majority at the general meeting of rate-payers that year. Steps were, however, taken to institute a Chinese Advisory Committee, which held its first meeting with the Municipal Council on the 11th May, 1921; and on the 16th May, 1923, in connexion with a proposal for the rendition of the Mixed Court, a statesmanlike scheme for the subsequent solution of the two other issues was put forward by the British Consul-General at Shanghai, Mr. Barton. The suggestions were that three Chinese members should be added to the Municipal Council of the international settlement; that the 1899 boundaries of the settlement should be extended on either side of Chapei; that two foreign members should be added to the Municipal Council of Chapei; that the urban areas on the right bank of the Whampoo (Pootung) and on the left bank below the international settlement should be administered by a municipal council composed of Chinese and foreign members in equal numbers; and that a consultative body should be formed of representatives chosen from all the above councils (with the eventual addition, if feasible, of representatives of the Old Chinese City and the French settlement) for the purpose of dealing with questions common to all the areas. Negotiations on this basis, belatedly begun in 1924, were overtaken by the Shanghai Shooting Incident of the 30th May, 1925.[2] Bowing to the storm which that incident created, a meeting of the British Chamber of Commerce and China Association at Shanghai passed a resolution supporting the principle of direct Chinese representation on the Municipal Council of the international settlement; and on the 8th October, 1925, the

[1] See foot-note on p. 367 above.
[2] *Survey for 1925*, vol. ii, Part III, Section (xi).

Diplomatic Body at Peking wrote to the Wai-chiao Pu (Peking Foreign Office) suggesting the addition of Chinese members to the Council as a first step towards the organization of a Greater Shanghai. The Wai-chiao Pu, among the demands which they presented *à propos* of the shooting incident, suggested much more radical innovations, including the enfranchisement of the Chinese rate-payers in the international settlement and the reservation of two-thirds of the seats on the Municipal Council for Chinese representatives. On the 28th April, 1926, in answer to a parliamentary question in the House of Commons at Westminster, Sir Austen Chamberlain, while declaring that the British Government and their representatives in China fully sympathized 'with the natural desire of the Chinese element to be represented now on the Shanghai Municipal Council', declined to contemplate any immediate application of the principle of representation in proportion to taxation.[1] Meanwhile, on the 14th April, the annual general meeting of rate-payers in the international settlement had defeated a motion in favour of that principle but had passed a resolution that

> participation of the Chinese residents in the government of the Settlement is desirable and the Municipal Council is hereby instructed to make representations to the Powers concerned with a view to securing an addition of three Chinese members at an early date.

On the basis of this resolution, negotiations with the Wai-chiao Pu were resumed, first by the Diplomatic Body at Peking and afterwards by the Consular Body at Shanghai itself. On the 29th October, 1926, both the Central Government and the Provincial Government signified their approval and acceptance of the offer as a temporary arrangement; and the selection of the three Chinese members of council was entrusted to the Chinese Rate-payers' Association; but in February 1927 this body, at the instance of a Kuomintang politician, Mr. C. T. Wang, refrained from electing the three councillors and nominated instead a provisional committee of nine to share the administration of the international settlement with the existing council of foreigners. This action, which was not in accordance with the agreement between

[1] 'His Majesty's Government hope that, as the Chinese gain experience in the arts of governing a great city, means may be found of satisfying their legitimate aspirations for a greater share in the administration of the settlement. They are, however, convinced that so drastic a change in the existing *régime* as would be involved by the introduction of the principle of representation of nationalities on the Municipal Council in proportion to the rates paid by such nationality would render the election of an efficient Municipal Council extremely difficult and would be detrimental alike to the Chinese and foreign interests concerned. They are, therefore, not prepared at present to lend their support to any such proposal.'

the Peking and Provincial Governments and the Consular Body, produced a deadlock once again, at the very moment when the first stage in the solution of this question had seemed at last on the point of being accomplished.

This, in brief, was the general situation at Shanghai in January 1927, when the orders for the dispatch of a Shanghai Defence Force were given by the British Government.

The shooting incident of the 30th May, 1925, and the upheaval which followed, have been described in the preceding volume.[1] On the first anniversary, there was an outbreak of rioting in the international settlement, but order was restored without resort to force of arms and without loss of life.[2] In August there were a number of strikes, chiefly affecting Japanese factories,[3] and these gave rise to another riot on the 28th August, but order was restored without loss of life on this occasion also. 'At the beginning of September fourteen mills were closed as the result of strikes. On the 8th September, the twenty-fifth anniversary of the signature of the Boxer Protocol in 1901, violent demonstrations by students and agitators took place in the international settlement. The volunteers were mobilized, but they were not called into action, the police force proving equal to the task of dealing with the rioters. There were no casualties, but eight rioters were arrested.' At this time, a new danger to the peace of Shanghai appeared above the horizon when the Kuomintang forces reached the line of the Yangtse at Hankow in the southern campaign of the Chinese Civil War.[4] This danger became more imminent when Sun Ch'uan-fang, in whose domain Shanghai lay, abandoned his neutrality and declared war on the Kuomintang in September 1926. Thenceforward the Shanghai area was under strict martial law, and as Sun suffered one reverse after another the war zone approached constantly nearer to the city. The course of these military operations (which has been outlined in a previous section[5] and need not be recapitulated) was reflected at Shanghai in a recrudescence of disorder. Sporadic strikes, affecting Chinese as well as foreign enterprises and accompanied by intimidation and murder,[6] occurred throughout January 1927; and on the 11th January the Municipal Council of the international settlement published a proclamation announcing its intention to use every means at its disposal to main-

[1] *Survey for 1925*, vol. ii, Part III, Section (xi).
[2] *The Manchester Guardian*, 31st May, 1926; *The Times* and *Le Temps*, 1st June, 1926.
[3] *The Times*, 24th August, 1926.
[4] See Section (δ) (x) above.
[5] See Section (δ) (x).
[6] For an example, see *The Times*, 13th January, 1927.

tain order and protect life and property.[1] A similar resolution was taken next day by the Consular Body.[2]

On the 17th–22nd January, 1927, the British Government (moved by the recent crisis at Hankow under the Kuomintang régime rather than by the unrest which had been excited at Shanghai itself in anticipation of the Kuomintang régime being established there also) gave its orders for the dispatch of a Shanghai Defence Force; and on the 24th the British War Office issued a communiqué[3] announcing that the force was to be under the command of Major-General John Duncan and was to consist of three infantry brigades. Two of these brigades were to be dispatched from Great Britain and the Mediterranean and the third from India. The latter included two battalions of Panjābī Infantry. The force amounted to the normal infantry strength of a division without the usual divisional artillery. A battalion of Royal Marines, which the Government had ordered to China at an earlier date, sailed from Portsmouth on the 26th January.[4] Pending the arrival of these forces, a Panjābī battalion stationed at Hongkong was sent provisionally to Shanghai and landed in the international settlement on the 27th January.[5]

Diplomatic action for the security of the international settlement at Shanghai was taken a few days later by the United States, which, next to Great Britain, was (with Japan) the foreign Power most closely concerned. On the 4th February, 1927, the American Minister at Peking communicated an identic message[6] from the American Secretary of State to Chang Tso-lin, Sun Ch'uan-fang and Chiang Kai-shek, in which it was recalled that it had

> been the uniform policy of the foreign residents of the International Settlement and of their Governments to keep the Settlement aloof from [Chinese] factional disturbances and, as far as this could be accomplished, rigorously to prevent it from being utilized by any faction. . . .
>
> In recalling these facts to the Chinese military commanders, the American Government is confident that they will lend their sincere support to the proposal now made—that the International Settlement at Shanghai be excluded from the area of armed conflict so that American citizens and other foreigners may receive adequate protection. The American Government will be ready for its part to become a party to friendly and orderly negotiations properly instituted and conducted regarding the future status of the Settlement.

[1] *The Times*, 11th January, 1927.
[2] *Ibid.*, 12th January, 1927.
[3] Text, *ibid*, 25th January, 1927.
[4] *Ibid.*, 26th January, 1927.
[5] *Ibid.*, 28th January, 1927. This unit was sent back to Hongkong after the arrival at Shanghai of the Defence Force proper (*ibid.*, 19th February, 1927).
[6] Text in *The United States Daily*, 7th February, 1927.

On the 11th February, 250 U.S. Marines landed in the international settlement at Shanghai from Manila.[1]

The French Government assumed a separate responsibility for the security of the French settlement; and at first there appeared to be a certain disinclination on the French side to enter into any commitments involving concerted action between the French force in the French settlement and the British and other foreign forces in the international settlement for the common defence of the two areas in case of emergency. Compared with the British Defence Force, the force sent by the French Government to the French settlement was weak.[2]

The bearing of the dispatch of the Shanghai Defence Force upon the Chen-O'Malley negotiations at Hankow has been indicated in the preceding section. In this connexion, an important statement regarding the intentions of the British Government in dispatching the force was made by Sir Austen Chamberlain in the House of Commons at Westminster on the 10th February:

> There remains the question of the troops now moving towards Shanghai, and it is necessary that that also should come into the agreements. Without agreement in regard to that there is no agreement at all. His Majesty's Government cannot take the responsibility for the safety of the lives of their nationals in Shanghai out of the hands of the men on the spot, who are not only best able to judge what the danger is, but are alone in a position to judge. His Majesty's Government have been advised by their Minister in Peking, by their Consul-General in Shanghai, by the Commander-in-Chief of the China Station, who is at Shanghai, and by Mr. O'Malley, that additional troops are necessary to enable those forces already in Shanghai to afford security in these troubled times to British lives. His Majesty's Government, therefore, whilst prepared to accept the agreement which Mr. O'Malley and Mr. Chen have drawn up, are prepared to give the assurance which Mr. Chen desired. They are prepared to accept the assurance which he gives on behalf of the Nationalist Government that they will seek an arrangement by negotiation, and will neither use force nor countenance the use of force. As regards the troops, in order to remove any misapprehension that those troops which go to Shanghai go there for any purpose except to protect British life, or that they can be used to take part in civil war in China on the side of one general or one Government or another, his Majesty's Government are prepared to say that, as regards the troops at Shanghai, His Majesty's Government have reserved the right to take such measures as are necessary for the protection of British lives and interests against mob violence, disorderly troops, or any form of violent attack; but His Majesty's Government have never contemplated the use of troops for any purpose except such protection, and will land only such numbers as are necessary for this purpose. These

[1] *The Times*, 12th February, 1927.
[2] *Ibid.*, 19th February, 1927.

troops will be stationed within the settlement, and will not be moved outside except in case of grave emergency.

It is contrary to the policy of His Majesty's Government to become involved in any armed conflict between contending Chinese forces, and His Majesty's Government will continue to maintain a strict neutrality in the civil war in China. If this agreement be signed and this assurance accepted, the troops that came from India, and which are already on their way to Shanghai, will be landed at Shanghai. That is what we are advised is immediately necessary to safeguard British lives. But the further troops going from the Mediterranean and from home will be concentrated in Hongkong and will not proceed to Shanghai unless they also should be required by the emergence of fresh or greater danger.

As has been recorded above, Mr. Chen regarded this assurance as sufficiently satisfactory to enable him to conclude the Hankow Agreement.

On the 15th February, the two English battalions of the brigade from India landed at Shanghai;[1] but Sir Austen Chamberlain's conditional undertaking that the troops from Great Britain and the Mediterranean would be concentrated in Hongkong and would not proceed to Shanghai was not implemented—presumably because the British Government formed the opinion that 'fresh or greater danger' requiring their presence at Shanghai did in fact emerge after the Foreign Secretary's speech of the 10th February was delivered.[2]

On the 19th February the sporadic strikes and acts of violence at Shanghai, mentioned above, culminated in the outbreak of a general strike, which involved the Post Office, essential public utilities, and all the cotton mills. Fortunately, it 'was accompanied by singularly little disorder, while the preparations made by the two Municipal Councils against this eventuality enabled all utility services to be continued without interruption. After the first two days a weakening in the ranks of the strikers was apparent, and on the fifth day the General Labour Union called off the strike and work was resumed, the Union announcing, however, that the strike might be renewed at an opportune moment.

'In the Chinese-administered territory surrounding Shanghai the strike movement was repressed with great barbarity. A large number of agitators were summarily decapitated by the orders of General Li Pao-chang, Marshal Sun's Defence Commissioner, and their heads exposed, in some cases on the very borders of the settlement.

[1] *The Times*, 15th February, 1927.

[2] On the 16th February, the local situation was undoubtedly altered by the defeat of Sun Ch'uan-fang before Hangchow (see p. 299 above), since this defeat led to a simultaneous advance of the Kuomintang and the Fengtien armies towards Shanghai from opposite directions, and these movements, again, threatened to lead to fighting in and around Shanghai itself.

'An incident that caused some excitement, but which actually produced no serious consequences, occurred on the 22nd February, when the French settlement was shelled by two Chinese gunboats [in the service of the northern military dictators] which were lying in the river. Two Chinese are reported to have been killed, and some foreign properties were damaged, but there were no foreign casualties. The motives for this attack were obscure. The crews of the ships appear to have mutinied and to have opened fire either with the object of [assisting the Nationalist cause in the civil war by] destroying or damaging the Arsenal, or else with the intention of inducing the foreign Defence Force to reply and so provide the Nationalists with an incident which might be utilized for the purpose of stirring up anti-foreign outbreaks. The firing ceased after about two hours and the rebel ships were dealt with by the Chinese authorities without any foreign intervention.[1]

'In view of this incident, the Diplomatic Body issued, on the 25th February, a declaration declaring the neutrality of Shanghai and calling on the Chinese authorities to observe the same rule of conduct. Heads of armies were enjoined'

> to take all measures to avoid incidents which would constrain foreign authorities themselves to take measures indispensable for ensuring the safety of the persons and property of their nationals.

On the same day (the 25th February) those units of the British Defence Force which were already on the spot were moved out to form a cordon round the international settlement, in response to a direct request from the (American) Chairman of the Municipal Council to the Consular Body,[2] on the precedent of certain occasions on which the same precautionary measure had been taken in 1924 and 1925. On this occasion Italian marines occupied a sector of the line. On the 27th February Major-General Duncan and his staff arrived at Shanghai, together with units belonging to the two brigades which had come from west of Suez.[3] The organization of the cordon as a permanent fortified defensive line was practically completed by the beginning of March.[4] By the 2nd March, the foreign troops available for the defence of the two foreign settlements were reported to be as follows: British, three battalions in position and five in reserve; French, none in position, 800 men in reserve, and 1,000 arriving; Italian, 180 men in position; Japanese, none in position, 1,000 in reserve; United States, none in position, 1,300 in billets, and

[1] *The Times*, 23rd, 24th and 25th February, 1927; *Le Temps*, 24th February.
[2] *The Times*, 28th February, 1927.
[3] *The Times, loc. cit.*
[4] *Ibid.*, 3rd March, 1927.

more arriving.[1] By this date, an arrangement appears to have been made that the French force in the French settlement should act in conjunction with the British force in the international settlement if occasion arose. The Japanese Government, on the other hand, had not committed itself, while the American marines appear to have received definite orders not to participate in the common defence of the cordon or to resist Chinese regular forces, but to confine their action to the protection of American life and property.[2]

For the defence of the two settlements a further potential reserve was available in the man-power of the foreign naval flotilla in the port of Shanghai, where the aggregate number of foreign warships rose, in the course of February, from twenty-one to thirty-five. In this flotilla there were represented seven navies (the British, American, Japanese, French, Italian, Dutch, and Spanish). Nine out of the thirty-five vessels were British, and fourteen out of the thirty-five were cruisers, the remainder being torpedo-boat destroyers, gunboats and other lighter craft.[3]

Thus the protection of the two foreign settlements at Shanghai, with the vast foreign and Chinese interests established there, was provided for without a breach occurring between any of the rival Chinese Governments and the British and other foreign Governments which had made the military dispositions to this end. Moreover, there was some reason to think that these dispositions were by no means unwelcome to the large and increasing element in the Chinese population of the two foreign settlements which had something to lose by anarchy. Nevertheless, the situation created by the establishment of the foreign military cordon round Shanghai, while it may have been unavoidable, was by no means free from danger. In the Kuomintang camp Mr. Chen, though he had eventually receded from his refusal to implement the Hankow Agreement, had reaffirmed, on the 15th and the 19th February, the protests against the dispatch of the British Defence Force which he had made on the 24th January and the 1st February.[4] On the 31st January the Peking Wai-chiao Pu had vindicated its standing claim to be not less patriotic than the Kuomintang by presenting a parallel protest on its own account to the British Legation.

Perhaps the most dangerous feature of the new situation was that the military cordon trespassed, in some sectors, upon territory outside the settlement boundaries. There were evidently strong practical

[1] *The Times, loc. cit.* [2] *The Times, loc. cit.*
[3] For particulars see *The Times*, 26th February, 1927.
[4] See Section (δ) (xii) (*e*) above.

reasons for this. In the first place, those boundaries had never been drawn with an eye to military defence; and if, in the opinion of competent military authorities on the spot, a cordon which followed them undeviatingly would have been impossible to defend, the choice lay between departing from them to some extent or deliberately renouncing the attempt to make the defensive dispositions effective. It might be argued that military authorities confronted with this choice ought to have decided—or to have been instructed by their Governments to decide—to include within their cordon less, rather than more, than the total settlement area. The practical answer to this was that, as has been explained above, the influence of the international settlement municipality had been extended—by 'peaceful penetration' on the strength of the Land Regulations of 1869—over a zone which stretched, especially on the western side, considerably beyond the juridical limits of the settlement area.[1] By 1927 this 'sphere of influence' had come to contain an appreciable number (7,097 out of a total of less than 40,000) of the foreign residents in the Treaty Port of Shanghai and also an appreciable amount of foreign property. It may be added that only a fraction of this zone, in which the greater part of this foreign population and foreign property was concentrated, was actually included within the military cordon and that the *tracé* of the cordon was identical with that which had been drawn in 1924 and 1925, on the previous occasions on which the precaution of encircling the international settlement at Shanghai with a military cordon had been taken in the presence of local Chinese disorders. Nevertheless, this military encroachment by foreign troops upon soil, outside settlement limits, which was juridically under full Chinese administrative authority as well as under full Chinese sovereignty, appears to have been noted and resented by Chinese public opinion.[2] To any outside observer, such resentment might seem pedantic in the light of the concrete facts, since the encroachment was trifling in extent and had strong practical considerations to justify it. The Chinese, however, like other non-Western peoples up in arms against Western ascendancy, were less sensitive over concrete facts than over abstract questions of status; and the same Chinese who might be prepared to admit that the landing of foreign troops in the foreign settlements was a not unjustifiable

[1] Monument Road, which was one of the thoroughfares constructed, beyond the boundaries of the international settlement, on the strength of the Land Regulations of 1869, extended back from the Bund (i.e. the Embankment of the Whampoo River) not less than ten miles as the crow flies.

[2] On this point see an article by Mr. Arthur Ransome in *The Manchester Guardian*, 13th April, 1927.

measure might genuinely feel outraged at the thought that a foot of ordinary Chinese territory should have been occupied in peace time, without the permission of any Chinese Government, by the soldiers of foreign armies.

With an eye to possible dangers of this kind, it had been suggested by certain critics of the British Government's policy that recourse might be had, in this matter of providing effective protection for the two foreign settlements at Shanghai, to the good offices of the League of Nations. In deference, perhaps, to this view, Sir Austen Chamberlain, on the 8th February, 1927, addressed a communication on British policy with regard to China to Sir Eric Drummond; [1] but in the last paragraph of this document he expressed the opinion of the British Government as follows:

> In any case, His Majesty's Government have felt it right to make this communication to the League of Nations so that its members may have before them a full statement of His Majesty's Government's policy in China, and may understand how completely it is in accord with both the letter and the spirit of the Covenant. His Majesty's Government deeply regret that there does not appear to be any way in which the assistance of the League in the settlement of the difficulties in China can be sought at present. But, if any opportunity should arise of invoking the good offices of the League, His Majesty's Government will gladly avail themselves of it.

[1] For the text, see *China and Foreign Powers*, by Sir Frederick Whyte, p. 57.

PART III

THE FAR EAST AND THE PACIFIC

B. THE PACIFIC

Introduction.

In its vast extension, the Pacific dwarfed the other Oceans of the world, and down to the latter part of the nineteenth century after Christ it had remained an effective barrier between the inhabitants of the surrounding continents. It is true that the great void was partly spanned by a series of archipelagos which, beginning within sight of the Asiatic mainland, were thrown forward in successive formations, eastwards and south-eastwards; but the further these islands stood out into the Ocean, the smaller and more scattered they became; and while they provided an unbroken chain of stepping-stones from Asia to Australasia, their furthest outposts, Hawaii and Easter Island, were both separated by more than two thousand miles of empty sea from the nearest coasts of North and South America. Here the island voyages of the Polynesians—daring seamen and skilful navigators though they were—appear to have found their easternmost limit;[1] and it is probable that the first vessels to make the trans-Pacific passage were those of the European explorers who entered these waters in the sixteenth century by rounding the Horn or by approaching them overland from the Caribbean. For more than three centuries, however, this new trans-Pacific traffic remained so irregular and intermittent (except for the galleons which plied between the Spanish Viceroyalty of Mexico and its Philippine dependency) that the political and economic effects were insignificant; and the practice of cutting the map of the world longitudinally down the centre-line of the Pacific (a practice still favoured by the European map-makers of the twentieth century) showed that, in the popular mind, the Pacific continued to be the least frequented of the Oceans.

In the latter part of the nineteenth century, however, the function of the Pacific as a factor in human geography began to change.[2]

[1] There seems to be no proof of the hypothesis that the civilizations of the Andean plateau and of Central America were not indigenous but were imported, through Polynesian intermediaries, from Asia.

[2] A convenient chronological landmark is the arrival of Commodore Perry's squadron off the Japanese coast in 1853 (though Perry actually sailed from the Atlantic seaboard of the United States via the Cape of Good Hope).

Gradually it became transformed from a 'non-conducting' into a 'conducting' medium, until, after the General War of 1914–18, it seemed not impossible that the Pacific might come to play the part in international affairs which the Atlantic had played since the close of the fifteenth century and the Mediterranean during the previous three thousand years. This comparatively rapid establishment of intercourse across the Pacific, between countries which had been almost isolated from one another since time immemorial, and which differed from one another profoundly in their political strength, in the density of their population, and in the origins and standards of their civilization, was inevitably accompanied by a rising psychological tension; and, if the psychological map of Mankind may be described in meteorological terms, it may be said that, after the close of the War of 1914–18, the storm-centre of international affairs, which for the past half-century had hovered over the Near and Middle East and for the previous four centuries over Central Europe, had apparently shifted to the Pacific area.

The Balance of Power in the Pacific was disturbed, as a result of the War of 1914–18, by the elimination of Germany, the eclipse of Russia, the relative aggrandizement (though not in equal degree) of the United States and Japan as compared with the surviving Great Powers of Europe, the new status of the three British self-governing Dominions of Australia, New Zealand, and Canada as members, in their own right, of the League of Nations, and the emergence of the Latin-American countries—likewise as members of the League—from a century of isolation in which they had been living under the aegis of the Monroe doctrine. The unknown quantities in the political problem of the Pacific at this time were China, the Philippines, and Netherlands India. Of these three countries by far the most important was China—a sub-continent in herself, with a population comparable to that of Europe and with vast, though as yet imperfectly surveyed, latent material resources. The future of China hung upon the issue of a revolution (economic and cultural, as well as political), which had entered upon its violent phase three years before the outbreak of the General War and which, nine years after the Armistice of 1918, appeared to outside observers to be as far as ever from any stable settlement. In the Philippines and Netherlands India, which were both under foreign rule, the question at issue was whether the foreign régimes were to give place to some form or degree of independence, and whether, in that event, such independence would endure or whether the sovereignty over the East Indies and the control over their material resources would pass into other foreign hands.

The political tension in the Pacific, however, was not so dangerous at this time as the tension arising from the interaction of the other two differential factors—density of population and quality of civilization. In the Pacific area, all the five living civilizations of Mankind were represented. Far Eastern civilization and Oriental Christendom (the latter under a communistic disguise) were competing for the mastery of Manchuria,[1] Western civilization (in its Catholic form) and Islam for the mastery of the Philippines; but these local struggles were put into the shade by the general pressure of population from Japan, China and British India, with their ancient Oriental civilizations, upon other Pacific countries where the native standards of civilization were less high or the local densities of population were inferior. In the tropical zone of the Pacific area, a higher standard of civilization was enabling Chinese and Hindu immigrants to gain the upper hand over the native Malay populations of the Philippines, Netherlands India, and British Malaya. In the temperate zones, the sparsely settled English-speaking inhabitants of Australia, New Zealand, California, and British Columbia were seeking to prevent a flood of Oriental immigrants from overwhelming their Protestant Western civilizations by drastic exclusion policies which they insisted on carrying into effect in spite of misgivings in London and Washington. The history of the Oriental Exclusion Clause in the American Immigration (Restriction) Act of 1924 has been recorded in a previous volume.[2] The history of the 'White Australia Policy'[3] is technically not an international affair, since it belongs to the inter-imperial relations of the British Empire.

The flow of population and contact of civilizations across the Pacific which were creating this tension between a number of old Oriental and young Western countries round the borders of that Ocean, were also producing even more profound effects (though of course on a much smaller scale) in the mid-oceanic archipelagos—Melanesia, Micronesia, and Polynesia. These far-flung islands had come to serve as stepping-stones for the trans-Pacific steamship and cable lines of the new 'Great Society', as they had once served the Polynesian mariners who scoured the Pacific in their canoes; and during the century and a quarter ending in the year 1927 the impact upon the scattered and frail communities which inhabited them had been terrific.[4] The impact of Western civilization here had raised the

[1] See *Survey for 1925*, vol. ii, pp. 350–6.

[2] *Survey for 1924*, pp. 147 *seqq.*

[3] See M. Willard: *History of the White Australia Policy* (Melbourne, 1923, University Press).

[4] See *Essays on the Depopulation of Melanesia*, edited by W. H. R. Rivers

ssue not merely of cultural conservatism or transformation but of racial survival or extinction; and the impact of Oriental migration (which was attracted into the South Seas by Western economic enterprise) threatened the islanders not merely with miscegenation but with submergence. By the year 1927, it seemed as though the danger of extinction had been surmounted, and in most groups of islands the native element was actually beginning to increase in numbers again, though, in many cases, not in proportion to the contemporary increase in the elements introduced from abroad, particularly those from the Far East and from British India. Characteristic examples of the issues raised by Oriental immigration into the Island World were the problem of the British Indians in Fiji [1] (which falls outside the scope of this *Survey*) and the problem of Hawaii. The panmixia in Hawaii is apparent in the following table: [2]

	1920 Census	*1924 Estimate of Board of Health*	*1925 Estimate of Board of Health*
Hawaiians (pure)	23,723	21,271	21,145
Hawaiian-Caucasian	11,072	13,134	22,182
Hawaiian-Asiatic	6,955	7,816	
Chinese	23,507	24,522	24,851
Japanese	109,274	125,368	128,068
Koreans	4,950	5,817	5,956
Filipinos	21,031	39,068	49,335
'Other Caucasians' [3]	19,708	34,372	35,880
Portuguese	27,002	26,791	27,470
Spanish	2,430	1,916	1,946
Porto Rican	5,602	6,347	6,382
All Others	658	215	430
	255,912	306,637	323,645

This population question was the fundamental question in all the mandated territories in the Pacific, and the success or failure of the mandatory Powers in dealing with it was the surest touchstone by which their administration could be tested.[4]

(Cambridge, 1922, University Press) and *Population Problems of the Pacific*, by S. H. Roberts (London, 1927, Routledge).

[1] See Roberts, *op. cit.*, Part II, Ch. II.

[2] This table is borrowed from Roberts, *op. cit.*, Part II, Ch. III. For the problem of Hawaii see further two papers prepared for the Institute of Pacific Relations by Professor Romanzo Adams of the University of Hawaii: *The Peoples of Hawaii* (Honolulu, 1925) and *The Education and the Economic Outlook for the Boys of Hawaii: A Study in the Field of Race Relationships* (Honolulu, May 1927).

[3] This term is used to include citizens of the United States and all Europeans except Portuguese and Spaniards.

[4] For the administration of mandates in the Pacific see section (iii) below.

(i) The Orientation of Japanese Foreign Policy.

In the year 1926, Japanese statesmen were displaying, in word and act, a consciousness that their country was passing through a critical period in her history.

From the Revolution of 1868 to the Peace Conference of Paris, Japan had appeared—not only to her own people but to detached observers of international affairs elsewhere—to be going forward steadily from strength to strength. After having been deprived of the fruits of a victory over China in 1894, and having paid dearly for a victory over Russia, she seemed, in the Great War of 1914–18, to have had all the profits and none of the losses of belligerency. While Russia and the Powers of Europe dealt each other deadly wounds on European battlefields, Japan had eliminated Germany as a military and political force in the Far East, captured the Far Eastern markets of her own European Allies, and gone far towards establishing a Japanese 'Monroe Doctrine' in respect of China. In the Peace Conference of Paris, Japan had taken rank as one of the four Principal Allied Powers; and in the Versailles Treaty her European Allies had compelled Germany to make a formal transfer to her of former German rights and interests in the Chinese Province of Shantung, where Japan had already entered upon Germany's heritage *de facto* by force during the course of the General War of 1914–18. The signature of the Versailles Treaty on the 28th June, 1919, seemed to crown and confirm the work of fifty years. Yet this proud moment proved to be, not the dawn of a golden age in which the Japanese people would be able to enjoy at ease the fruits of so laborious a national effort, but rather a culminating point from which Japan was to descend into a valley of tribulation, in some respects not unlike that through which she had passed during the troubled years that had separated the Revolution of 1868 from the advent of Commodore Perry in 1853.

Certainly the years that intervened between 1919 and 1926 brought a dramatic reversal in Japan's international position. The Soviet Government, unintentionally assisted by American diplomacy, succeeded in salving for the U.S.S.R. the heritage of the former Russian Empire as a Far Eastern and Pacific Power. The Chinese swiftly discomfited Japanese economic imperialism by those methods of half-spontaneous mass resistance which they afterwards employed with equal effect against Great Britain. Japan's industrial boom proved to be a mushroom growth stimulated by abnormal war conditions, and such permanent gains as she had made in the economic field

turned out to have been made on a far larger scale by the United States. In the Washington Conference, the United States co-operated with the British Empire to restore, politely but insistently, the balance of power in the Pacific and the Far East. The earthquake followed the slump as a crowning economic blow. The United States Restriction of Immigration Act of 1924 followed the Washington Conference as an overt political humiliation.[1] Last of all, in the year 1926 itself, came the rise of the Kuomintang in China with Russian Communist assistance. During the first stage in this movement (described above)[2] when the Kuomintang was making itself master of the Yangtse Basin, the brunt was borne by Great Britain; and during 1926, as well as 1925, Japan saw her trade with China increase owing to British unpopularity. Yet, on a long view, these developments in China were more ominous for Japan than they were for Great Britain. Even if all British interests in China had perished, Great Britain herself would still have survived as one of the great commercial and political Powers of the world; but Japan—fast bound to the Far Eastern mainland by an unalterable accident of geography, as Britain was bound to the continent of Europe—could scarcely hope to maintain her hardly won rank of a Great Power if the U.S.S.R. and a militantly Nationalist China, reunited by Russian aid, were to league themselves together against her. Poor as Japan was in minerals, her economic interests in Manchuria were not superfluities but vital necessities of her national life. On the other hand, her political status in the leased territory of Kwangtung and in the zone of the South Manchurian Railway was not only an eyesore to Russia[3] but was a servitude upon Chinese national sovereignty which Young China might be expected to challenge so soon as it lay in her power.

Thus the international position of Japan—with Nationalist China, Soviet Russia, and the race-conscious English-speaking peoples of the Pacific closing in upon her—had suddenly become precarious again. At the same moment, the internal equilibrium of Japan had been disturbed by equally vast and equally sudden political and social changes.

In contrast to the Chinese Revolution of 1911, which was chaotic and long-drawn-out because, like most revolutions in Chinese history, it had been made from below upwards, the Japanese Revolution of 1868 had produced imposing practical achievements with astonishing rapidity and with a minimum of immediate disorder because, like

[1] See *Survey for 1920–3*, p. 499, and *Survey for 1924*, pp. 147 *seqq.*
[2] See Part III A, Section (x). [3] See *Survey for 1925*, vol. ii, pp. 350–6.

most revolutions in Japanese history, it was made from above downwards. Moreover, it was facilitated by the extreme docility of the common people, who were imbued with the rigid, though not brutally cruel, discipline of a feudal system which had existed for centuries; and also by the imminent fear of foreign domination—an emotion which was astutely fostered by the leaders of the Revolution in order to inspire the Japanese nation with a spirit of unity and patriotism for which there were few parallels in history. In several of these respects the Japanese Revolution of 1868 resembled the revolutions made in Russia by Peter the Great and by Lenin, or those made in the Islamic World by a Mehmed 'Alī or a Mustafā Kemāl. Indeed, the Japanese Revolution was far more systematic and orderly than these; for it was carried out not by exceptional individuals who might find no adequate successors, but by a hereditary aristocracy with a great tradition of political experience and sagacity. Perhaps the closest analogy to the rule of the Elder Statesmen in Japan, which may be said to have lasted from the Revolution of 1868 down to the close of the Great War, was the rule of the Whig aristocracy which followed the Revolution of 1688 in England. Yet this analogy is almost invalidated by the enormous difference of degree between the two Revolutions in question. In England, the 'Glorious Revolution' merely scratched the surface of the national life. The Japanese Revolution of 1868 broke up its foundations, and set forces in motion which the most resolute and sagacious governing class could not permanently keep under control.

The Elder Statesmen launched their ship of state into the great stream of Western civilization, and this at a moment when that stream was sweeping, with an ever-increasing volume and velocity, towards a goal which was a mystery to the peoples of the West themselves. The revolutionary oligarchs of Japan committed themselves to the mercy of this foreign current by adopting all the forms of Western industrial technique; but they temporarily preserved political stability by enlisting in the service of the state all the talent released, by the new technical demands, among the Japanese middle and lower classes. Hence a revolution which touched not only the political surface but the economic subsoil and the cultural depths of Japanese life, and which therefore might be expected to produce subversive results, appeared, in its first phase, on the contrary, to have communicated the discipline of the Samurai to the other classes, and to have created a national solidarity which merited the admiration of the world. Yet here again, in the internal life of Japan, as in her international situation, it seemed doubtful, in 1926, whether

the achievement of the first half century after the Revolution of 1868 was capable of being sustained. There were indications that the orderly and constructive first phase of the 'Westernizing' process might be followed by a period of relative instability, in which the forces of order might no longer be able to retain their original masterly control.

The very success with which the Elder Statesmen had launched Japan upon the stream of 'Westernization' was by this time carrying her into social currents in which the utmost arts of the navigator might prove of little avail. At a census taken on the 1st October, 1925, the total population of Japan proper (excluding Korea, Formosa, and other dependencies) was found to number 59,736,704 persons, a figure which showed an increase of 3,773,651 persons since the census of 1920. In this great population, the illiterates amounted to less than 5 per cent., and the school attendance of the children of school age in 1923 was 99·03 per cent. The number of Japanese newspapers exceeded 1,100 in 1920, with a total circulation of something between six and seven millions—i.e., at least half the eleven million families in Japan were taking in a newspaper every day. In March 1925 the number of voters in Japan was increased from three to thirteen million by the passage of a universal manhood suffrage law. Since the Russian Revolution of 1917 there had been an active labour movement in Japan, in which—at least from 1919 to 1922—syndicalist and communist elements had possessed some influence. At the same time, according to the census of 1920, 67 per cent. of the population of Japan were still living in the rural districts, and two-thirds of the population were engaged in agriculture. Only 15 per cent., however, of the total surface of Japan was cultivable, so that 'Japan has to support 969 persons by one square kilometre of cultivated land, whereas Belgium has thus to support only 394, Italy 305, Netherlands 273, and England 226 '.[1]

These momentous developments in the internal life of Japan and in her international situation were reflected in the foreign policy of the Japanese Government; and in 1926 a corresponding orientation of Japanese foreign policy could be discerned in the several fields of Japanese foreign relations. Since Japan faced two ways—across the Pacific and towards the Far Eastern mainland—her foreign relations can be considered conveniently under these two aspects. Her continental relations sub-divided themselves, in turn, into relations with the U.S.S.R. and relations with China.

[1] The facts and figures in this paragraph are taken from Yusuke Tsurumi, *Present Day Japan* (New York, 1926, Columbia University Press).

In her trans-Pacific relations, Japan, in 1926, was still engaged in the task of adjusting her policy to the Japanese Exclusion Clause in the United States Immigration (Restriction) Act of 1924. Some account of the immediate reaction in Japan to the passage of the Act has been given in the *Survey for 1924*. It was quickly apparent that the Japanese people would follow the lead of their Government in enduring, with a dignified self-restraint, an action which, while recognized to be fully within the competence of the Congress and President of the United States, was nevertheless a severe blow to Japanese national pride. On this matter the public utterances of Japanese statesmen—for instance, the annual reviews of Japanese foreign relations which were presented to the Diet by the Foreign Minister, Baron Shidehara, on the 21st January, 1926, and the 18th January, 1927 [1]—were studiously moderate and indeed conciliatory. On both the occasions just mentioned, Baron Shidehara was careful to dwell upon the growth of mutual understanding and appreciation between the two peoples. Yet in 1926 he declared, in the name of the Japanese people, that 'we remain unchanged in our feelings of deep regret at that particular clause, which seems to be irreconcilable with the rules of international comity and justice'; and in 1927 he again expressed regret that 'the question of discriminatory treatment against Japanese involved in the United States Immigration Act of 1924 still remains unadjusted'.

In the *Survey for 1924* it has been mentioned that the passage of the Japanese Exclusion Clause in the United States Immigration Act of 1924 was followed by certain friendly gestures towards Japan on the part of several Latin American Governments, which apparently intended to signify in this manner that they desired to dissociate themselves from the United States policy in regard to oriental immigration. The possible opening thus offered for Japanese energies was referred to by Baron Shidehara in the following passage of the speech delivered on the 21st January, 1926:

> We are in perfectly agreeable relations with Mexico, as well as with the South American states. We have no plan whatever of political significance in our intercourse with any of these countries; we feel, however, that fair opportunities are there offered for the economic enterprises of our countrymen, and it is our intention to encourage such legitimate activities as far as possible. I would add a few words with regard to this question. It is not our policy to send emigrants to any country in which they are not welcomed. Our constant desire is to supply capital or labour to undeveloped regions of the world and to

[1] Texts reprinted in the Appendix to the present volume.

promote the welfare and prosperity, not only of the emigrants themselves and of their mother country, but also of those countries in which they choose to establish their permanent homes. Towards this end we are prepared to extend our unremitting efforts.

In the spring of 1926, this authoritative indication of Japanese policy received a noteworthy response in the shape of an offer from the Brazilian Government of a tract of land in the upper basin of the Amazon comprising some 12,500,000 acres. The Japanese Government left it to private enterprise to investigate the possibilities of this offer; and a large cotton concern, the Kanegafuchi Spinning Company, appropriated a sum to cover the cost of sending out a commission to examine the territory and to report upon its suitability for economic development.[1] This commission duly started its investigations, in May 1926, in the Brazilian State of Para.[2] About the same time, the Japanese Ambassador in Brazil visited both the state of Para and the state of the Amazon, and the President of the latter state announced on the 14th July, 1926, that negotiations had been opened with the Japanese Overseas Enterprise Company,[3] under whose auspices Japanese immigrants had already been settled in the state of São Paulo. In the spring of 1926, it was reported that a Japanese company had been formed to undertake cotton cultivation on a large scale in Peru.[4] In March 1926, some excitement was produced in the United States by a press report to the effect that Japanese interests had secured a large grant of land in the Mexican territory of Lower California, but this report proved to be without foundation.

In the hope of righting the adverse balance of trade, which had declared itself year by year since 1923, the Japanese Government organized a South Pacific Trade Conference to meet in Tokio in September 1926.[5] *A propos* of this forthcoming conference, an 'official spokesman' at Tokio, on the 23rd August, reiterated Baron Shidehara's pronouncement of the previous 21st January against 'sending emigrants to any country in which they are not welcomed' and declared that the emigration policy of Japan had 'been reversed',

[1] *The Times*, 1st April, 1926.

[2] International Labour Office: *Monthly Record of Migration*, No. 49, October 1926.

[3] In April 1927 the Japanese Embassy in Brazil intimated that this company was the sole agency authorized by the Imperial Japanese Government for introducing Japanese immigrants into Brazil (International Labour Office: *Monthly Record of Migration*, vol. ii, No. 6, June 1927).

[4] *Le Temps*, 1st April, 1926.

[5] For the Japanese Government's motives in organizing this conference, see further Baron Shidehara's speech of the 18th January, 1927.

because it was 'now realized that it only causes trouble and ill-feeling to send surplus population where it is not wanted'.

> Instead of sending emigrants to Australia and the United States and Canada, it is intended in future to concentrate upon encouraging migration to Hokkaido, Formosa, and other possessions, and special legislation to that end is being planned. The present policy is to increase export trade to foreign countries, especially in the South Pacific, whilst achieving a better distribution of population by filling up the less crowded spaces in Japan's own possessions.[1]

This statement appeared to foreshadow a certain change of emphasis in Japanese policy in the Pacific area.[2]

The South Pacific Trade Conference was opened in the Diet building at Tokio by Baron Shidehara on the 13th September, 1926,

[1] Statement published in *The Times* and *The New York Times*, 24th August, 1924. (N.B. These two English versions of the statement agree textually almost word for word, though *The Times* received the message from its own correspondent by cable while *The New York Times* received it independently by wireless.)

[2] The Japanese 'official spokesman's' declaration that the emigration policy of Japan had 'been reversed' was criticized as being inexact, on the ground that 'except when state aid was given to emigration to Brazil, the policy of the Japanese Government' had 'been one of non-interference with emigration to foreign countries. Individuals have been left to emigrate where they pleased, though the Government has naturally protected their interests to the best of its ability. Its reported decision to aid and further emigration to Hokkaido consequently indicates the inauguration rather than the change of an emigration policy' (*The Times*, 24th August, 1926). The position was stated accurately by Baron Shidehara when he declared, in opening the Trade Congress on the 13th September, 1926, that 'Japan does not intend to make any change in her oft-stated policy of discouraging emigrants from proceeding to countries where they are not wanted'. The question, however, whether the new departure in Japanese policy was the reversal of an old policy or the inauguration of a new policy, is really of subordinate interest, compared to the importance of the decision itself. The intention of the decision, as announced by the 'official spokesman', was to direct the colonizing efforts of the Japanese nation inwards, towards internal colonization, and to substitute for the trans-Pacific emigration of Japanese workers the trans-Pacific expansion of Japanese trade. The accuracy of the 'official spokesman's' announcement in respect of this major point does not appear to have been denied.

In view of the general similarity between the situations in which Japan and Italy found themselves after the General War of 1914–18, it is interesting to note that a similar change of emphasis in Italian policy occurred in the year 1927. In that year the Fascist Government withdrew its blessing from Italian emigration to countries under foreign flags and announced its determination to absorb the annual increment of population (which in both Italy and Japan, at this time, amounted to something between half and three-quarters of a million) by industrial development at home and by internal agricultural colonization. It would appear that, in both countries, the limits of the field for agricultural colonization were narrow. In neither country had consideration yet been given to a third alternative: Birth Control. (For the Italian Population Problem see the *Survey for 1927*.)

and closed on the 20th.[1] Among the two hundred delegates, there were representatives of various public departments of the Japanese Government, of Japanese diplomatic and consular establishments abroad, and of Japanese public and private organizations and commercial houses. The Conference was divided into seven sections: Enterprises and Investments, Imports, Exports, Communications and Transport, Investigation and Information, Finance, and Laws and Regulations. Emigration was also the subject of discussions, as a result of which the Ministry of Foreign Affairs afterwards took steps for the encouragement of emigration among persons possessed of a certain amount of capital; for the discouragement of the tendency for Japanese emigrants to remain aloof from the people of the countries in which they settled; and for the finding of employment, in the countries of immigration, for state-aided emigrants from Japan.[2] In referring to the work of the Conference in retrospect on the 18th January, 1927, Baron Shidehara took occasion to reinforce his previous declarations of policy in the following terms:

> It is . . . of the utmost importance for us to concentrate our attention and energy on the promotion of foreign trade, without unjust infringement upon the interests of any nation. It is not territory, but markets, that we have in view. It is not alliances, but economic solidarity, that we seek in our foreign relations.

The growing sense of the paramount importance of foreign trade for the future of Japan affected the Japanese attitude towards the United States in counteraction to the resentment which had been aroused by the Exclusion Clause of 1924. Mr. Matsudaira, a new Japanese Ambassador to the United States who had left Tokio on the 17th February, 1925,[3] to take up his duties at Washington, made the following observation in a public speech delivered at New York on the 1st February, 1926:

> It has been said that business is the life of a nation. To this I would like to add the thought that business is a great instructor and a great maker of friends. The great commerce that crosses the Atlantic between England and the United States—the greatest in the world—is one of the safest links in the chain of friendship that holds the two great English-speaking nations together. In the same way the commerce

[1] See *The Times*, 14th September, 1926, and also Baron Shidehara's speech of the 18th January, 1927.

[2] International Labour Office, *Monthly Record of Migration*, vol. ii, No. 2, February 1927. On the 24th February, 1927, the Japanese Government introduced into the Diet a Bill for the establishment of emigration societies throughout Japan, in order to assist the financing of emigration by local self-help (*Op. cit.*, vol. ii, No. 6, June 1927).

[3] *The Times*, 19th February, 1925.

between Japan and the United States—much the greatest in the Pacific—has been of notable benefit in making us know and understand one another.[1]

On the 16th April, 1926, Mr. Henry Morgenthau, a distinguished American politician and diplomatist who had just returned from a visit to Japan in which he had discussed Japanese-American relations with a number of Japanese statesmen, including Baron Shidehara himself, expressed the opinion that—

> Although most of them still resent our 'exclusion law', all realize that for economic, political, strategic and many other reasons, they must strengthen the close, pleasant and most profitable relations of the two countries. Any war, irrespective of the outcome, would do irreparable damage to Japan.[2]

Thus the tension in Japanese-American relations which had seemed so ominous in 1924 had become perceptibly relaxed—at least, to all outward appearance—by 1926. Meanwhile, this rebuff in her trans-Pacific relations, coinciding with the depression in her economic life, had inclined Japan to pursue a more conciliatory policy in her relations with her continental neighbours.

As regards Japanese relations with the U.S.S.R., the Russo-Japanese treaty of 1924 and the Russo-Japanese railway competition in Manchuria have been dealt with in the *Survey for 1925*.[3] The local friction which this competition in Manchuria created was not sufficient to prevent the settlement of questions outstanding between the two countries in other quarters. On the 14th December, 1925, in pursuance of the treaty of 1924, contracts for concessions of oil and coal-fields in North Sakhalin were signed by representatives of the Soviet Government and of Japanese industrial concerns.[4] During the course of the year 1926, Russo-Japanese negotiations were carried on at Moscow with a view to modifying, in favour of Japanese fishers, the fishing convention concluded in 1907, which was still in force.[5]

Japan's relations with China were of much greater importance to her than her relations with the U.S.S.R., or indeed than her relations with the United States. Her established industrial and commercial

[1] *The New York Times*, 2nd February, 1926.
[2] *Ibid.*, 17th February, 1926.
[3] *Survey for 1925*, vol. ii, pp. 346–56.
[4] Baron Shidehara's speech of the 21st Janaury, 1926.
[5] *Le Temps*, 5th February, 1926; *The Times*, 13th February, 1926; see also *Survey for 1920–3*, p. 444. A new fisheries agreement had not yet been concluded by March 1927. On the other hand, during the first two months of 1927, further oil concessions appear to have been granted to Japanese interests in Northern Sakhalin, as well as forestry concessions in the Maritime Province of the Russian mainland.

interests on Chinese territory, especially in Southern Manchuria and in Eastern Inner Mongolia, were indispensable factors in her economic life; and the maintenance of communications with China in war-time, in order not to be cut off from these vital sources of supply, was the principal objective of Japanese naval and military preparedness. In view of this, it is not surprising that the course of events in China was followed in Japan with intense interest, and that the greater part of Baron Shidehara's two speeches, above mentioned, was devoted to this subject.

The key-note of Japanese policy towards China from the termination of the Washington Conference to the close of the year 1926 was a deliberate reversal of the aggressive policy which had been pursued by the Japanese Government from the presentation of the Twenty-One Demands in 1915 until after the close of the General War. The new Japanese policy achieved a success which may be measured by the noteworthy increase in Japanese trade with China during these years.[1] This success was due, however, not merely to the ability of Japanese statesmanship but also to the accident that, during these years, Chinese hostility happened to be focussed against Great Britain.[2] Between the execution of the Sino-Japanese Agreement regarding Shantung, which had been reached at Washington while the Conference was in session,[3] and the advance of the Kuomintang forces from the Yangtse to the Yellow River in the early summer of 1927,[4] the situation in China was not unfavourable to the maintenance of good relations between the two countries, at any rate on the surface.[5] It was evident, however, that this situation was precarious, and that, if and when an effective central Government once again emerged in China out of the disorder which had prevailed since 1911, Japan would be affected more deeply than any of the other foreign countries concerned with Chinese affairs. Early in 1926, Baron Shidehara stated, in reply to interpellations in the

[1] For these figures see the annual reports on the *Foreign Trade of China*, issued by the China Maritime Customs (London, P.S. King).

[2] See the present volume, Part III A, especially the Introduction.

[3] See *Survey for 1920–3*, pp. 456–63.

[4] This campaign will be dealt with in the *Survey for 1927*.

[5] It may be doubted whether either the Chinese Nationalists or the Chinese public at large had ceased to feel resentment for the past policy of Japan, or suspicion of her future intentions, even at the time when, under Russian instigation, they were deliberately sparing Japanese interests in China in order to concentrate their fire upon the British. On the other hand, broad-minded Chinese seem to have distinguished in their own minds between the political and the economic interests of Japan on the mainland, and to have recognized that in the economic sphere Japanese expansion was a necessity for Japan herself without necessarily being a menace to China.

Lower House of the Diet, that if the Extra-Territoriality Conference, then in session at Peking, were to raise the question of Japanese rights in Manchuria, Japan intended to establish her commercial rights there on a permanent basis. In the early summer of 1927, when Chiang Kai-shek's forces were moving northwards from Kiangsu into Shangtung, the new ministry in Japan sought to safeguard Japanese interests in the latter province by sending Japanese troops to Tsingtao. This step, which revived in Chinese minds the memory of the Sino-Japanese controversy over Shantung, which had lasted from the Paris Peace Conference until the time of the Washington Conference, aroused in China a resentment which promptly expressed itself in a recrudescence of anti-Japanese strikes. At that moment, Sino-Japanese relations seemed to be on the point of entering once again upon a difficult phase.

(ii) The Administration of Mandates in the Pacific.

In the *History of the Peace Conference of Paris*[1] it has been recorded that, on the 7th May, 1919, mandates over former German possessions in the Pacific were assigned by the Principal Allied and Associated Powers as follows: over islands north of the Equator to Japan; over Nauru to the British Empire; over Western Samoa to New Zealand; and over the rest of the former German possessions in the Pacific, south of the Equator, to Australia. It has further been mentioned that all these Pacific mandates were eventually placed in the 'C' class, in which the mandatory was granted full power of administration and legislation over the territory subject to the mandate, as an integral portion of its own territory, and was permitted to apply its own laws, subject to such local modifications as circumstances might require. In the same place, it has been noted that representatives of the Japanese Government protested against the effect of this provision in so far as it permitted the application of Australian and New Zealand legislation which restricted Asiatic immigration and (to some extent) Asiatic commercial enterprise. (This question of Asiatic immigration is dealt with further, in another section of the present volume,[2] with reference to the Pacific area as a whole.) Finally, an account has been given, in the same chapter of the *History of the Peace Conference* and in the *Survey of International Affairs for 1920–3*,[3] of the controversy between Japan and the United States over the island of Yap, mandated to Japan—a

[1] *History of the Peace Conference*, vol. vi, Ch. VI, Part IV.
[2] Part III B, Section (v) below.
[3] Part VI, Section (iv) (5).

controversy which was settled by an American-Japanese treaty signed at Washington on the 11th February, 1922.

The terms of all the 'C' mandates, as accepted, on the 17th December, 1920, by the First Assembly of the League of Nations, were practically identical. On the other hand, the several territories in the Pacific area which were placed under this type of mandate differed from one another considerably in resources and population; and there was a corresponding variety in the administrative arrangements introduced by the respective Mandatory Powers.

The territory mandated to Japan consisted of 'more than 1,400 islands, islets, and reefs scattered over a vast expanse of water extending for about 1,200 miles from south to north and about 2,500 miles from east to west'; yet the aggregate land area amounted to not more than about 2,158 square kilometres. Many of the smaller islands were uninhabited. The population of the inhabited islands consisted of about 49,000 natives and 5,000 Japanese and other foreigners. The administration of the mandate was placed on a permanent basis by an Imperial Ordinance of the 1st April, 1922, establishing a South Seas Bureau, the Director of which was made immediately responsible to the Prime Minister of Japan.

The island of Nauru, mandated to the British Empire,[1] was an atoll with a circumference of approximately 12 miles and a total area of approximately 5396·3 acres. The greater part of this area consisted of an uninhabited phosphate-bearing plateau. The population—which, on the 31st December, 1924, consisted approximately of 1,219 native Naurians, 11 non-Naurian South Sea Islanders, 785 Chinese and 125 Europeans—was concentrated on the rim of the island between the plateau and the shore. The principal industry was the raising and export of phosphate rock; and this was carried on, under European supervision, almost entirely by Chinese indentured labour. In 1924, this labour was 'recruited principally in Hongkong by a firm representing the British Phosphate Commission —each man, before final selection, being examined by an official of the Government of Hongkong, who reads and explains the terms of agreement'. The mandatory administration took measures to secure the welfare of these Chinese labourers during their residence on the island. During the year 1924, 325 Chinese entered Nauru and 137 left it. The British Phosphate Commission consisted of three commissioners representing respectively the Governments of the

[1] See the Colonial Office Memorandum on Nauru Island, June 1920 (*Cmd.* 749 of 1920). The text of the mandate is printed in the British White Paper *Miscellaneous No. 6,* 1921 (*Cmd.* 1202).

United Kingdom, Australia, and New Zealand. In 1919, these three Governments had bought out the Pacific Phosphates Company—a private concern which had held the concession for working the phosphate deposits, not only in Nauru under the German régime, but in the adjoining British possession of Ocean Island. In the *Report on the Administration of Nauru* during the year 1924 which was submitted to the League of Nations, it was noted that 'the functions of the Commissioners, as far as Nauru is concerned, are limited to the business connected with the phosphate deposits. The Administrator alone is charged with the responsibility of all matters pertaining to the government, moral and social welfare, labour conditions, &c., of all on the island—the British Phosphate Commission being treated, from a Government point of view, as if it were a private company'. The Administrator held office under an agreement [1] of the 2nd July, 1919, between the British, Australian, and New Zealand Governments, which provided that the administration of the island should be vested in an Administrator; that the first Administrator should be appointed for a term of five years by the Australian Government; and that thereafter the Administrator should be appointed in such manner as the three Governments might decide. The first Administrator was duly appointed by the Australian Government and assumed duty in June 1921. In a supplementary agreement concluded between the three Governments on the 30th May, 1923, it was laid down that the responsibility for the exercise of the British Empire mandate over Nauru should lie with that one of the three Governments concerned which had appointed the Administrator in office at any given moment. Accordingly, during the third session of the Permanent Mandates Commission, when the annual report on the administration of Nauru came up for examination on the 3rd August, 1923, the questions asked by members of the Commission were answered by the accredited representative of the Australian Government in the presence of accredited representatives of New Zealand and the United Kingdom; and this procedure was followed thenceforth whenever representatives of New Zealand and the United Kingdom were available at Geneva at the time.

In Western Samoa, the New Zealand civil administration was instituted by the *Samoa Constitution Order*, 1920, which came into force on the 1st May of that year.

The territory mandated to the Commonwealth of Australia consisted of the former German Protectorate of New Guinea, with the

[1] The text is printed as an annex to the *Nauru Island Agreement Act*, 1920 (London, H.M. Stationery Office).

exception of a few outlying islands north of the Equator which fell within the area mandated to Japan. The bulk of the Australian mandated territory (that is, approximately 70,000 square miles out of 91,000) lay on the mainland of New Guinea in the former German territory of Kaiser Wilhelmsland. The remaining 21,000 square miles lay in the Bismarck Archipelago and the Solomon Islands. All parts of the territory were mountainous and were covered by a dense tropical vegetation; and in 1923 it was estimated by the Mandatory Power that over 25,000 square miles remained totally unexplored by White Men. Over 15,000 square miles of this unexplored territory lay on the New Guinea mainland. In the same year the Mandatory Power reported that the difficulties created by the physical environment, 'added to those which result from the low state of culture, the scanty social organization, the diversities of language, and the customary warfare among tribes not under Government influence, have retarded the efforts that have been made to get into touch with the natives, with the result that the area under effective Government influence is still only a small fraction of the territory'.[1] A civil administration was established in this Australian mandated territory on the 9th May, 1921. It may be noted that, although the mandated territory adjoined the British territory of Papua, the administration of which had been transferred to the Australian Government by the Imperial Government in 1906, the Australian Commonwealth did not avail itself of the right, which it presumably possessed under the terms of a 'C' mandate, to place these two adjoining territories under a single régime. It will be seen that the Australian mandate over New Guinea involved a much larger and more arduous task than the other three mandates in the Pacific area, and the Mandatory Power was not unaware of its difficulties. In 1923, in order that the advice of an officer experienced in the administration of native affairs might be obtained as to the adequacy of the administrative arrangements in force in the Territory, with particular reference to matters affecting the welfare of the natives, the Government of the Commonwealth of Australia entered into an engagement with Colonel John Ainsworth, late Chief Native Commissioner of Kenya Colony, to visit the Territory and to report upon the methods employed by the local Administration. The inquiry in New Guinea extended over a period of four months, ending on the 23rd June, 1924.[2] In 1925, with a view

[1] Commonwealth of Australia: *Report to the League of Nations on the Administration of the Territory of New Guinea from 1st July, 1921, to 30th June, 1922*, p. 7. On Map No. 1 attached to this report, the areas under Government influence, complete or partial, are shown in colour.

[2] *Report* for period from 1st July, 1923, to 30th June, 1924, p. 59.

to improving the efficiency of the civil service in the mandated territory, the Commonwealth Government instituted a system of cadetships, with a probationary period of two years' systematic training in the field by competent senior officials, to be followed, in the case of successful candidates, by a course of training in anthropology at the University of Sydney.[1]

Annual reports on the administration of the Pacific Mandates first came before the Permanent Mandates Commission at its second session in August 1922; and the proceedings of the Commission from that session down to the close of the year 1926 indicate that, during these first and critical years, the record of these mandates in the Pacific was not marked by any incidents comparable to the rising of the Bondelzwarts or the rising of the Druses, which conferred an unenviable notoriety upon the histories of the South African mandate over South-West Africa and of the French mandate over Syria and the Lebanon during the same period. This negative fact was significant, since the maxim 'Happy is the nation which has no history' held good for mandated territories *par excellence*.[2]

In its report on its second session (1st–11th August, 1922), the Permanent Mandates Commission declared that, from the information supplied in the reports from the Mandatory Powers, it had 'been able more particularly to note that slavery, even domestic slavery, was non-existent in these territories, that forced labour was either wholly unknown or practised only in the case of essential public works and services, that freedom of conscience was everywhere guaranteed, that the traffic in arms and ammunition was under strict control, that the prohibition to supply the natives with spirits and alcoholic liquors was everywhere rigorously enforced, and that the territories under 'C' mandates were absolutely demilitarized'. The Commission also noted that, in the territories of the islands under Japanese mandate, New Guinea and Samoa, the Mandatory Powers had made very considerable financial sacrifices in order to discharge the duties which they had assumed. At the same time, the Commission noted two points in particular which appeared 'to call for the special attention of the Council'. The first was 'con-

[1] League of Nations paper C. 297, 1926, VI, C.P.M. 411.

[2] The reader may note that the history of the administration of the mandate for South-West Africa occupies 19 pages in the *Survey for 1920–3* and will occupy at least 15 pages in a forthcoming volume, while the history of the administration of the mandate for Syria and the Lebanon occupies no less than 90 pages in the first volume of the *Survey for 1925*. On the other hand, the present section, which deals with the Pacific mandates from their inauguration down to the end of 1926, is only 10 pages long.

nected with the presence, in all the Pacific Islands administered in accordance with the mandates principle, of labour imported from various overseas countries and more particularly from China'. In the opinion of the Commission, 'the introduction of these foreign labourers, a step dictated by economic needs', was 'not wholly free from certain social difficulties . . . The position of a Chinese coolie who is bound by a three years' contract and who has been conveyed to a foreign land thousands of miles from his kith and kin, calls for the greatest care on the part of the administration of the Mandatory Powers. Again, the presence of this exclusively male labour in the midst of a native population is bound to involve a certain element of danger to the social life of the latter'. The second question was that raised by the administration of the island of Nauru. The Commission drew the Council's attention to that division of functions between the Australian Administrator and the British Phosphates Commission which has been described above; and questioned what powers and means of control the former possessed over the latter, in view of the fact that the administration was entrusted to an official appointed by the Australian Government alone, while the three Phosphate Commissioners held their powers under the three Governments concerned and took their decisions by a majority vote. On this point, the Australian Delegate to the Assembly of the League of Nations in its third session explained[1] that the political and economic powers were distinct, that the Administrator was paramount, and that the Phosphate Commissioners, in common with other citizens, were subject to the laws made by him.

In regard to Nauru, the Permanent Mandates Commission subsequently concerned themselves also with the organization of the administration, with the conditions of indentured labour, and with public education—especially in the two matters of the working of the Royalty Trust Fund and the appropriation by the Administration of funds for the education of the natives. In regard to the islands mandated to Japan, the Commission concerned themselves particularly with the participation of natives in the administration, with conditions of labour, and with the observance of economic equality in the exploitation of phosphates. On the whole, the Commission appears to have been satisfied with the explanations given or action taken by these two Mandatory Powers, in the light of the Commission's observations, in the course of the next few years.

The administration of the mandate for Western Samoa by the New

[1] Statement by the Australian Delegate, Mr. Justice Rich, in the minutes of the Sixth Committee of the Assembly in its Third Session, p. 60.

Zealand Government, in its first phase, evidently excited the Commission's admiration. In the report on the work of its seventh session (19th–30th October, 1925) the Commission remarked on 'the broadminded policy which dictates the action of the Mandatory Power in devoting its efforts to the welfare of the natives without neglecting the legitimate interests of the other inhabitants'. It added that 'the constant decrease in the native death-rate is a development on which the Mandatory Power deserves congratulation'. In the report on the work of its tenth session (4th–19th November, 1926) the Commission noted, with appreciation, that native self-government was being developed; that a free labour system for Chinese workers was proving a success; and that the programme adopted by a Conference on Educational Problems in Pacific Islands under New Zealand Administration, which had been held at Wellington in January 1926, was adapted to the daily work and needs of the native population. The troubles in Western Samoa which came to the surface in 1927 will be dealt with in a later volume.

The administration of the mandate for New Guinea by the Australian Government gave the Commission some concern in regard to several matters, particularly the liquidation and disposal of ex-enemy property,[1] the recruitment and employment of native labour under the indenture system, and the application of the Commonwealth Immigration Act, 1901–20.

In accordance with the Versailles Treaty, the Commonwealth had passed, in respect of the mandated territory, an expropriation ordinance on the 1st September, 1920, and a deportation ordinance in April 1921. Ex-enemy properties were taken over by an Expropriation Board and were vested first in the Commonwealth Public Trustee and afterwards in a special Custodian of Expropriated Properties. The Custodian was authorized to sell property vested in him, under preferential conditions of purchase for any persons who had served in the Australian forces during the General War or for any former residents in Australia who had served during the War in the forces of any part of the British Empire. Pending such sale, expropriated properties were provisionally administered by the Expropriation Board as going concerns. The Custodian appears to have found difficulty in effecting sales, and in 1923–4 the Commonwealth

[1] For the action taken in this matter by the Mandatory Power, see the Commonwealth Government's *Reports to the League of Nations on the Administration of the Territory of New Guinea*: Report from September 1914 to 30th June, 1921, pp. 17–18; Report from 1st July, 1921, to 30th June, 1922, pp. 121–7; Report from 1st July, 1922, to 30th June, 1923, pp. 77–9; Report from 1st July, 1923, to 30th June, 1924, p. 58.

Government instituted an independent expert investigation into matters relating to the expropriated property. The experts appear to have reported not unfavourably, from the professional standpoint, upon the work of the Custodian and the Board. Meanwhile, the matter was examined by the Permanent Mandates Commission; and members of the Commission questioned whether it was in consonance with the spirit of the mandatory system that the Mandatory Power should have received profits from a Trade Agency which had been established at Sydney to purchase supplies on behalf of the Administration and the Expropriation Board in New Guinea and to sell produce on the Board's behalf. It subsequently appeared that this Trade Agency was remunerated on a commission basis, and that any profit remaining after its expenses had been met out of this commission was distributed *pro rata* between the Expropriation Board and the Mandatory Administrations of New Guinea and Nauru. It was only in respect of profits distributed to the Expropriation Board that the Mandatory Power could be said to be itself receiving profits from the Agency, and even in this case the profits did not go into the general revenues of the Commonwealth. On the other hand, in the financial year 1922–3 the Commonwealth made a special grant of £10,000 to the mandated territory, to be expended exclusively on medical services, and in each of the years 1925–6 and 1926–7 a grant of £10,000, to be expended in the interests of the natives.

The Commission further concerned itself with the recruitment of indentured labour in New Guinea—a system which the Mandatory Power had found in operation and which it had taken over under a carefully revised system of regulations. In the report on the work of its third session, the Commission remarked that it 'learnt with regret that the number of the native population remained stationary or was even diminishing' and that it 'considered the possibility of a connexion between this state of affairs and the labour system in force'. It further declared that, 'in view of the paucity of the population and its stationary or decreasing character', it 'would like to know whether the Mandatory Power would be prepared to contemplate the application to the mandated territory of a less restrictive immigration policy than that which it applies in its own territory'. In the report on its ninth session (8th–25th June, 1926) the Commission noted with satisfaction the appointment of an inspector of native labour and the offer of the accredited representative of the Mandatory Power to furnish the Commission with a summary of this officer's reports. At the same time, it noted that 'over one-eleventh

of the total enumerated population' appeared to be 'working as indentured labourers under long-term contracts'.

It is noteworthy that Colonel Ainsworth, in the report which he presented as the result of his inquiry in New Guinea, offered certain criticisms and suggestions in regard to the administration of the Australian mandate which concurred with certain observations previously made by the Permanent Mandates Commission. He submitted that the mandated territory was being 'placed in subjection to, or made dependent upon, the political or economical requirements of the Australian Commonwealth', and he complained of the 'absence of any constructive policy' in regard to the progress and welfare of the natives. The Permanent Mandates Commission, to whom the Commonwealth Government communicated Colonel Ainsworth's report, noted, in its own report on its sixth session (26th June–10th July, 1925) that the Mandatory Power had already approved some of the suggestions made by Colonel Ainsworth, such as: the creation of an Advisory Council; the adoption of a policy of native agriculture; an annual grant by the Commonwealth of £10,000 for the betterment of the conditions of the natives; the abolition of a fixed maximum wage for native labourers; and the appointment of an inspecting district officer. On the other hand, the Commission noted that the Mandatory Power was unable to agree with other proposals of Colonel Ainsworth including: changes in the existing immigration regulations, the suppression of the existing system of education, and the abolition of the system of deferred pay to native labourers. It also noted that, according to Colonel Ainsworth, the development of the mandated territory was apparently being hampered by the extension to New Guinea of the Commonwealth Navigation Act, 1919–20, the effect of which was, in practice, to restrict the shipping of this territory to Australian bottoms. The Commission commented on this step under the rubric of economic equality.[1]

The application of the Commonwealth Navigation Act to New Guinea was afterwards cancelled by a proclamation of the 1st September, 1925.[2] In the matter of immigration regulations, the Common-

[1] It may be noted that, in Article 22 of the Covenant of the League of Nations, the 'equal opportunities for the trade and commerce of other members of the League', which were stipulated for in the case of 'B' mandates, were not mentioned in the paragraph referring to 'C' mandates; and that the actual texts of the 'C' mandates, as subsequently drawn up (unlike the texts of the 'B' mandates and of the mandate for Palestine), did not contain any specific provision as to economic equality.

[2] This proclamation was made under a Navigation Act Suspension Ordinance of 1921 (see *Report on the Administration of New Guinea*, 1921–2, p. 93, paragraph 326).

wealth Government appears to have been unwilling to deal with the question in New Guinea on its own merits—presumably on the ground that any relaxation of the Australian immigration regulations in respect of a territory administered under a 'C' mandate might conceivably to some extent weaken the case for maintaining these regulations in respect of the home territories of the Commonwealth. In the matter of the system of deferred pay as prescribed by the Native Labour Ordinance of New Guinea, it appears to have been the considered opinion of the Mandatory Power (an opinion based on experience gained partly in the mandated territory itself and partly in the adjoining British territory of Papua, which had been under Australian administration since 1906) that this system was necessary in the natives' interests. As regards education, a brief account of the system obtaining in the year 1927 is given in a separate note at the end of this section.

Note on Native Education in the Mandated Territory of New Guinea, communicated on the 24th January, 1928, by the Australian High Commissioner's Office in London.

With regard to the education of the natives, this is carried out partly by the Administration and partly by the Missions. Under the Education Ordinance of 1922, the Administrator of New Guinea is authorized to establish Government schools and to make grants of money to assisted schools. He is also empowered to prescribe the instruction to be given in such schools, the standard of education, the training of teachers, and other matters of management of schools, and to control the expenditure of money from what is known as the Native Education Trust Fund.

Under the scheme approved by the Administration, the following is carried into effect:

(*a*) An elementary school is established for children from eight to ten years, with the following objects:

(i) The training of natives for their general betterment.

(ii) The training of a certain number of natives of greater mentality, to fit them to be assistant teachers in schools to be established in other parts of the Territory.

(iii) The teaching of a certain number of natives to enable them to take positions in the lower grades of the Government service.

(iv) The education of a certain number of natives to enable them to enter the technical school.

(v) The education of a certain number of natives to enable them to take positions in the economic and commercial industries of the Territory.

(*b*) A technical school is in active existence for training natives as workers in the various handicrafts required in the Territory.

(*c*) A school of domestic economy carries out the work of training natives as domestic servants.

According to the Reports most recently to hand, which deal with the Administration of the Territory for the period 1925–6, the staff of the elementary schools consists of one head teacher and three assistants, all of whom have been seconded for service from Education Departments in Australia, and one of whom holds a certificate in manual arts. The school itself is divided into three main classes, namely kindergarten, middle and upper classes. Children entering the school are placed in the kindergarten class, where they remain for a period of two years, whence they pass into the middle class, receiving in the latter literary instruction and training in manual arts. While in this grade, boys are kept under observation with a view to ascertaining the trade or calling for which they seem most suited, and are eventually drafted either into the upper class or into the technical school. The former class, namely the senior in the elementary school, is comprised of boys who are being specially trained as clerks and teachers, and the majority of them seem to possess more than average native intelligence.

In addition to the foregoing, arrangements are made for all the pupils in the school to receive instruction in agriculture, and a class has been established for typewriting.

The technical school is under the supervision of a chief instructor who has been seconded for service from the technical branch of the Education Department in Victoria, and efforts are being concentrated on the instruction of pupils in carpentry and plumbing, while arrangements have been made for certain wood-working machinery to be installed in the workshop of the technical school, with the object of imparting a certain amount of knowledge to those who might appear adapted for this sort of work.

The course of carpentry has for its object the advancement of the trainee from elementary wood-work to furniture-making and eventually house-building, while the training in plumbing includes the making of articles in everyday use, such as tanks, shower-baths, and buckets. The domestic side of training is not neglected, and there are, I believe, annually turned out a number of pupils fully trained in plain cooking and laundry work.

The language in which instruction is given in Government schools is English, and, in Mission schools, English and the mother tongue of the children.

(iii) The Philippine Islands and the United States.

The Philippine Islands (a cluster of 7,084 islands, varying very greatly in size, with a total area of approximately 115,026 square miles) were the northernmost group of the East Indian Archipelago; and, owing to their geographical situation, they had been in the position of an Ultima Thule, remote from all the centres of civilization, so long as the Pacific Ocean remained an impassable gulf between the continents and peoples surrounding its shores. The earliest population of which traces survived were Negritos; but long before the twentieth century after Christ these had been submerged and reduced to insignificant numbers by immigrant Malays. Thus

the Philippine Islands had been included in the patrimony of the same race as had peopled the adjacent parts of the East Indian Archipelago, towards the south and south-west; but this community of origin did not provide the elements for a common national consciousness. In the first place, the Malay migrations, extending over a vast area during a long period of time, had been accompanied by a diversification of language so great that, even within a single group of islands like the Philippines themselves, there were estimated to be no less than eighty-seven distinct Malay dialects. The speakers of many of these Philippine Malay dialects were mutually unintelligible to one another; and no single dialect preponderated over the others (either in the number of persons by whom it was spoken, or in its efficiency as a means of expression, or in any other respect) sufficiently to grow into a national language, even for this restricted portion of the Malay-speaking world.

Moreover, the Malays, who had no strong indigenous civilization of their own, had become further differentiated through falling under the rival influences of several alien civilizations which differed widely from one another. Hindu civilization had been first in the field; and, during the millennium which ended with the close of the fourteenth century after Christ, the Philippines came within the periphery of the Hindu culture which had planted itself in the western and southern islands of the East Indian Archipelago. Upon the collapse of Hinduism in the East Indies under the assaults of Islam, the Philippines fell for a moment under the ascendancy of the next nearest civilization: that of the Far East. From the early years of the fifteenth century to about 1540 the islands were under the dominion of China; and thereafter Chinese traders never ceased to play an important part in their economic life. Chinese rule, however, was ephemeral; and when the Spaniards arrived from Mexico in 1565 they found Northern Luzon in the hands of the Japanese (whom the Spaniards dislodged in 1582) and the rest of the islands at the mercy of the Muslims, who by that time were pushing their way towards the northern and eastern extremities of the former Hindu domain in that part of the world. Thereupon the civilizations of India and the Far East retired, at any rate for the time, from the competition for the Philippines,[1] and left the arena to two civilizations from the antipodes: Christendom and Islam. From the sixteenth to the nineteenth century Spaniards and 'Moros' were fighting one another in the Sulu sea, as they were doing in the Western

[1] Except that, from 1592 to 1623, the Spanish authorities in the Philippines paid tribute to Japan in order to buy off invasion.

Mediterranean, and on the whole with similar fortunes. In the East, as in the West, the Spaniards established an ascendancy over their Muslim opponents, but failed to vanquish them. The greater part of the Philippine Group passed into Spanish hands; but down to the last days of the Spanish régime the Spaniards' hold on the southern islands of Mindanao and Sulu was little more effective than the hold which they maintained on the Rīf from their *presidios* on the Mediterranean coast of Morocco.[1]

The permanent effect of two and a quarter centuries of Spanish rule in the Philippines was that the inhabitants of the remaining islands in the group became members of Western Christian society in its Roman Catholic form. It is true that the Catholicism of the mass of the Filipinos, like the Islam of their 'Moro' neighbours, was a matter of outward allegiance to an international fraternity rather than of the inward assimilation of a spiritual culture. Nevertheless, the impress of Catholicism upon the islands under the Spanish régime proved more lasting than that of the Spanish nationality or language. In the Philippines, as in their dominions on the American Continent, the Spaniards were content to exploit rather than to supersede the previous inhabitants; and in these islands on the far western verge of the Spanish Empire the stream of Spanish colonization was thin and the force of Hispanization feeble. In 1926, after hardly more than a quarter of a century of occupation by the United States, English was superseding Spanish as the Philippine *lingua franca* (a common medium of communication which had to be of foreign provenance, since, as has been explained above, none of the local Malay dialects were capable of fulfilling this rôle). In that year it was estimated that twice as many Filipinos spoke English as spoke Spanish.[2] Meanwhile, the Catholic Church had been prospering under the United States régime;[3] and in 1921 it was estimated that, out of a total population in the islands of 10,956,000, no less than 9,350,240 were Christians, as against 434,868 Muslims and 540,054 pagans.[4]

The Catholicism and the Islam which had come to divide the allegiance of the Filipinos between them in these proportions had

[1] See *Survey for 1925*, vol. i, Part II, Sections (v)–(viii).

[2] Duggan, *loc. cit.* in the bibliography at the end of this section. In 1925 the University of Santo Tomas, 'one of the last strongholds of Spanish influence', had decided to give all instruction in English. 'The best newspapers are in English, and most of the Spanish journals have English editions.'

[3] Duggan, *loc. cit.*

[4] *Wood-Forbes Report* (see the bibliography at the end of the section), p. 5. In 1926 it was estimated (Duggan, *loc. cit.*) that, out of 11,000,000 inhabitants, more than 10,000,000 were Christians.

encountered one another in the Philippines as a result of expansion overseas round the circumference of the globe in opposite directions. Islam, moving eastward, had come to the Philippines across the Indian Ocean; Catholicism, moving westward, had traversed first the Atlantic Ocean and then the Pacific before it collided with its old rival on this new front; and this trans-American line of communications along which the Philippines had first been brought into touch with the Western World had been maintained. From the first Spanish lodgement in the year 1565 down to 1926 the Philippines had usually been the dependency of a Government with its seat on the American Continent: the Spanish viceroyalty of Mexico from 1565 to 1821 [1] and the sovereign independent Government of the United States since 1898. It was only from the secession of Mexico in 1821 down to the Spanish-American War of 1898 that the Philippines had depended directly upon a Spanish Government with its seat in Europe; but the rule of the Madrid Government over the Philippines was terminated by the peace treaty between Spain and the United States which was signed at Paris on the 10th December, 1898, and brought into force by the exchange of ratifications at Washington on the 11th April, 1899. This instrument transferred to the United States that sovereignty over the islands which had previously belonged, by right of conquest, to Spain.

The United States was not content with acquiring the title to sovereignty over the Philippines. She proceeded, with a vigour which Spain had never displayed, to make her sovereignty effective. The Catholic Filipino insurgents, who had been in arms against the Spaniards since 1896, turned their arms against the newcomers; and the Americans in the Philippines in 1898, like the Austrians in Bosnia in 1878, had to liquidate a legacy of rebellion which they had inherited from their predecessors.[2] After accomplishing this preliminary task, they rounded it off by reducing to submission those elements in the islands which the Spaniards had never conquered: the untamed pagan highlanders in the interior of the northern island of Luzon, and the untamed Muslim 'Moros' in the southern islands of Sulu and Mindanao. In consequence of this initial state of war, the War Department continued, down to the time of writing, to be the department of state at Washington to which the American Governor-General of the Philippines was responsible. A civil ad-

[1] The long connexion of the Philippines with Mexico left its mark on the Far East in the establishment of the Mexican dollar as the unit of reckoning in China.

[2] See Fernandez, *op. cit.* in the bibliography at the end of this section. The last embers of the rebellion were extinguished in April 1902.

ministration, however, was inaugurated in the islands as early as the 1st July, 1901; and a year later, by Article 87 of the Philippines Organic Act of the 1st July, 1902,[1] the Division of Insular Affairs of the War Department was erected into a Bureau of Insular Affairs which was virtually a civil sub-department, though its chief continued to be a military officer reporting to the Secretary of War.[2] Meanwhile, almost from the outset of the military occupation, the American authorities had embarked on a constructive policy, in which they persisted energetically so long as they retained full control of the administration in their hands. They established a high level of security and justice which not only directly increased the well-being of the native population but induced American and other foreign business men and investors to lend their enterprise and their capital to the material development of the country; they pushed forward a comprehensive programme of public works; they did wonders for public health; and (unlike some other Western colonial administrations, which were reproached, whether fairly or not, for confining their attention to the material interests of their wards, to the neglect of their spiritual development) they incontestably distinguished themselves by an effective zeal for education.[3]

Thus the United States, after acquiring the sovereignty over the Philippines, did not shrink in practice from exercising her full powers and assuming her full responsibilities. The acquisition, however, had been an incidental and unforeseen consequence of a war with Spain which had arisen from causes with which the Philippines had had nothing to do; and accordingly both the people and the Government of the United States had at first regarded their connexion with the Philippines as something fortuitous and ephemeral. This initial attitude on the American side had been expressed, without reserve, in public official utterances. 'Practically from the day of the Battle of Manila Bay down to the accession of General Wood as Governor-General [in 1921], every American President and most Americans of high official position in the Philippines . . . made pronouncements looking forward to the self-government and eventual independence of the islands. The most important statement with reference to the

[1] Text in official collection cited in the bibliography.

[2] In an executive order (text in the official collection above cited, pp. 100–1) dated the 19th September, 1916, issued in pursuance of the 'Jones Law' of the 29th August, 1916, President Wilson confirmed the jurisdiction of the War Department over Philippine affairs.

[3] The medium of instruction in the new national schools was necessarily some foreign language, for the reason explained above. The American organizers of the new educational system in the Philippines naturally chose English instead of Spanish for this purpose.

subject was the preamble to the "Jones Law", passed by Congress in 1916,[1] which' became 'practically the constitution for the government of the Philippines.' In the preamble to this law it was declared that—

> It is, as it always has been, the purpose of the people of the United States to withdraw their sovereignty over the Philippine Islands and to recognize their independence as soon as a stable government can be established therein.

'The first halt in the record of promises for eventual independence was made by President Harding in 1922, when, in answer to a memorial presented by a mission of Filipinos, he stated that he was not ready to recommend to Congress the concession of independence, but that "no backward step is contemplated, no diminution of your domestic control is to be sought".'[2] The foregoing American promises had been given somewhat thoughtlessly, in the comfortable assurance, which prevailed during the first phase of American rule, that in the Philippines the United States had no vital interests of her own at stake. On the other hand, the psychological effect upon the Filipinos was as deep as the effect upon the Egyptians of the similar promises made by British statesmen during the first phase after the British occupation of Egypt in 1882. In the Philippines, moreover, the effect was widespread, since the expectation of independence was inculcated (at the outset by American teachers) in the new national schools. In the Philippines, as in Egypt, these 'winged words' eventually came home to roost.

Meanwhile, from the first occupation of the islands in 1898 until after the termination of the General War of 1914–18, the American Government showed itself as good as its word by working towards the independence of the Philippines not only without slackening but with successive accelerations.[3] For the first six years after the inauguration of a civil administration on the 1st July, 1901, the sole legislative body was a Philippine Commission appointed by the President of the United States. On the 16th October, 1907, however, this Commission was transformed into an Upper House, and the legislative powers were divided between this Senate and an elective Philippine Assembly. The accelerations began when a Republican Administration was replaced by a Democratic Administration at Washington in 1913.

[1] For the effect of this Act of the 29th August, 1916, see below.
[2] The above quotations in the text are from Duggan, *op. cit.*
[3] For the administrative history of the Philippines during this period, see the *Wood-Forbes Report*, pp. 15–17.

In that year President Wilson made new appointments, not only to the Governor-Generalship, but to all seats in the Upper House save one already held by a Filipino. In the Upper House he appointed a majority of Filipino members. As Governor-General he appointed Mr. Burton C. Harrison, a whole-hearted believer in the policy of independence, whose political philosophy was *solvitur eundo*. Governor Harrison promoted a radical policy of 'Filipinization' throughout his tenure of office from October 1913 to October 1921. American officials were rapidly replaced by Filipinos in the Government service; and on the 4th February, 1916, an act was passed providing that officials who had served for six years or more, if they applied for retirement to the Governor-General before the 30th June, 1916, and if such application was accepted, were to be entitled to gratuities on a scale based on length of service and amount of salary at the moment of retirement.[1] The result was that the respective percentages of Filipinos and Americans in the Government service, which had stood at 72 as against 28 in 1913, came to stand at 96 as against 4 in 1921.[2] Moreover, Governor Harrison, by executive order, established a Council of State, 'consisting of the Governor-General, the heads of the six executive departments and the presiding officers of the two legislative bodies, who really controlled those bodies. As the theory had been tacitly accepted under Governor-General Harrison that the heads of the departments were responsible to the legislature, it is obvious how little influence would be exerted in the Council by the Governor-General.'[3] Further, the Philippine Legislature passed statutes establishing a Board of Control to manage certain Government undertakings (in fields usually left, in non-socialist countries, to private enterprise) upon which the Philippine Government entered on a considerable scale during this period. The Board consisted of the Governor and the presiding officers of the two legislative bodies, and it took its decisions by a majority vote.

[1] Compare the Egyptian Law of 1923 described in *Survey for 1925*, vol. i, pp. 203–5. The similarity between the provisions of these two laws is so striking as to suggest the query whether the authors of the Egyptian law may have had the text of the Philippine law before them.

[2] *Wood-Forbes Report*, pp. 16–17. Williams (*op. cit.* in the bibliography, p. 154) states that on the 1st January, 1913, there were in the service 6,363 Filipinos as against 2,623 Americans and on the 1st July, 1921, 13,240 Filipinos as against 614 Americans. By Act 2666 of the Philippine Legislature it was provided that the secretaries of all Government Departments must be Filipinos; and the Wood-Forbes Commission of 1921 reported (p. 44) endeavours, on the part of the Philippine Legislature, to evade the stipulations in the 'Jones Law' (1916) that the Vice-Governor and Secretary of Public Instruction must be an American and that Public Health must be under this officer's charge.

[3] Duggan, *loc. cit.*

The ideal of the Filipino leaders, by whose ideas Governor Harrison seems to have been inspired, was apparently to establish in the Philippines a responsible parliamentary system of government on the twentieth-century British model, in which the powers of the Governor-General would be reduced to the compass of those retained by the representative of the Crown in a British self-governing Dominion; and during the Harrison régime this policy of the Governor-General and his Filipino advisers was of more effect *de facto* in the government of the islands than the formal dispositions of the sovereign Power.

These dispositions were embodied in the Organic Act of the 1st July, 1902 (as amended or affected by subsequent legislation) and in the Autonomy Act (the so-called 'Jones Law') of the 29th August, 1916.[1] The latter of these two laws was passed at Washington under the Democratic Administration which took the American promises of Philippine independence *au pied de la lettre* and which had sent out Mr. Harrison as Governor-General to prepare the way for their rapid fulfilment. Yet the 'Jones Law' did not go nearly so far as the Governor and his advisers had already gone in effect before this Act was passed. The preamble did indeed reaffirm the purpose of the people of the United States to withdraw their sovereignty over the Philippine Islands and to recognize their independence 'as soon as a stable Government can be established therein'; but it qualified this affirmation by going on to declare that, 'for the speedy accomplishment of such purpose', it was desirable

> to place in the hands of the people of the Philippines as large a control of their domestic affairs as can be given them without, in the meantime, impairing the exercise of the rights of sovereignty by the people of the United States, in order that, by the use and exercise of popular franchise and governmental powers, they may be the better prepared to fully assume the responsibilities and enjoy all the privileges of complete independence.

'Unquestionably the intent of the "Jones Law" was to organize the Government of the Philippines upon the [eighteenth century] model of the federal and state governments of the United States, based upon the doctrine of the separation of powers with its accompanying system of checks and balances. As a matter of fact, the executive was granted some powers in addition to the usual American executive powers, which placed him in a strong position *vis-à-vis* the Philippine legislature. The Filipino leaders, on the other hand, . . . deliberately

[1] Texts of both acts in the official collection cited in the bibliography. The text of the 'Jones Law' is also reprinted in both Miss Mayo's and Mr. Roosevelt's books, which are also cited in the bibliography.

aimed at supplanting the American presidential system of government by the European parliamentary system, wherein the executive is subordinate to the legislature, in which all power is lodged. The skill shown by the Filipino leaders in realizing this aim was quite astonishing';[1] and so long as it was seconded by the presence of a sympathetic Governor-General, it achieved its purpose. That is to say, the intention of the 'Jones Law' was not carried into effect until Governor Harrison was succeeded by Governor Wood in October 1921.

Meanwhile, from 1913 to 1921, while Mr. Harrison reigned, it was his Filipino advisers who governed. Their record, during those years, was uneven. In certain departments it received high praise even from the Wood-Forbes Special Mission which was sent out by President Harding to investigate the condition of the islands in 1921,[2] and which summed up, on the whole, adversely.

Notably, the Wood-Forbes Mission commended the zeal for education which animated not only the Filipino leaders during this period but the people at large.[3] Between 1914 and 1921 the enrolment in the national schools was doubled, and by the latter year the proportion of the population attending school had risen to 10 per cent.[4]—a result which could not have been attained without individual enthusiasm and self-sacrifice on the parents' part.[5] In the sphere of education, at least, an ideal originally communicated by foreign rulers had taken independent root in the soul of the Filipino people. In that respect this zeal for education among the Catholic Filipinos bore a remarkable resemblance to the zeal which had been kindled, a few generations earlier, among the Hindu Bengalis in British India; and the Wood-Forbes Commission also put their finger upon the same weaknesses as had been noted, in Bengal, by the Calcutta University Commission of 1917–19.[6] 'The exceedingly rapid ex-

[1] Duggan, *loc. cit.*

[2] Their *Report* is cited in the bibliography at the end of the section.

[3] *Report*, pp. 16–17, 18, and 28–9.

[4] According to a statement issued by the United States War Department on the 20th February, 1927 (text in *The United States Daily*, 23rd February), in 1915 there were in the Philippines 621,115 pupils in 4,291 schools. By 1920 the number had risen to 791,626 pupils in 5,944 schools, and by February 1927 to 1,130,366 pupils in 7,789 schools.

[5] The financial contribution of the Philippine State towards education amounted to 27½ per cent. of the insular revenues in 1926 (Duggan, *loc. cit.*). At this time, of course, the Philippine Budget contained no appropriations for defence, which was provided for the Philippines, free of cost, by the armed forces of the United States.

[6] See the *Report* of the Commission (Calcutta, 1919, 13 vols.) especially vol. i, chapters 2–5.

pansion of the school system' had 'made it difficult to secure a sufficient number of well-trained teachers'; and although the principal medium of instruction was English, there was 'a great shortage of English-speaking teachers'; many of the Filipino teachers who were instructing in English were 'themselves far from proficient in it'; and 'the force of American teachers' was judged by the Wood-Forbes Commission to be 'altogether too small'. Moreover, in the Philippines, as in Bengal, the enthusiasm for education, in this first phase, seems to have been inspired by too narrow a vision. The Wood-Forbes Commission found[1] that, 'as is common among those who have had little opportunity and much hard work' (in 1926 about 90 per cent. of the population was still engaged in agriculture),[2] there was 'a leaning toward the learned professions or occupations which do not involve severe manual labour, and a tendency to underestimate the importance of agriculture and the dignity of labour and to over-estimate the standing given by the learned professions'. Thus the Filipino, like the Bengali, was too ready to exchange the hoe for the pen rather than for the instruments of the mechanic or the trader; and while big business remained in the hands of Americans and foreigners, retail trade in the Philippines was the perquisite of the Chinese,[3] as in contemporary Bengal it was the perquisite of Marwaris from Rajputana,[4] and in contemporary Egypt of Greeks and Syrian Christians.

Again, the Wood-Forbes Commission reported[5] that the Government and people of the islands realized the value and necessity of public works, and that for this purpose large appropriations from current revenues had been made annually under the Harrison régime. They described the Director of Public Works, who was a Filipino, as 'a man of unusual capacity and foresight'. At the same time, they found that there had been an undue increase in the cost of public works and a deterioration in the quality of the work performed.

In regard to developments in most other departments of public life, they found more to censure than to praise. They reported[6] a general retrogression, since 1913, in the public services, a falling-off

[1] *Report*, p. 18. [2] Duggan, *loc. cit.*

[3] *Wood-Forbes Report*, p. 19. In 1921 there were 55,212 Chinese in the Philippines, as against 12,636 Japanese, 6,931 Americans, 4,271 Spaniards, 1,202 British, and 2,893 other foreigners of all nationalities (*Wood-Forbes Report*, p. 5).

[4] Calcutta University Commission, 1917, *Report*, vol. i, p. 25. The foreign trade of Bengal at this time was in the hands of Europeans, Americans, and Japanese (*op. cit., loc. cit.*).

[5] pp. 17 and 40–2. [6] p. 22.

in honesty and efficiency, a top-heaviness in personnel, an excess of 'red tape' and paper work, and a lack of supervision and personal contact. In the Constabulary they reported[1] a lowering of standards through the diminution in the complement of American officers.[2] In reporting on the administration of justice,[3] they characterized the condition of the courts of first instance as 'generally deplorable'. They also deplored a deterioration in the Public Health Service.[4] In public finance,[5] they found that there had been an increase in taxation of 124 per cent. as between the years 1913 and 1920, but that this increase in the general cost of government had been accompanied not by a proportionate increase but by an absolute decrease of efficiency. The Government book-keeping had been muddled; Government expenses and costs of materials had risen sharply; and a number of new bureaux and offices had been created. The Commission commented with particular severity upon the record of the Philippine National Bank which had been founded in 1916,[6] and upon other Government ventures 'into certain lines of business usually left to private initiative'.[7]

From 1913 to 1921 Governor Harrison and his Filipino advisers had a free hand to carry out their policy, since the attention of the American Government and people was concentrated, during the greater part of this period, upon the General War of 1914–18 and the subsequent peace settlement. Meanwhile, the War in Europe was producing certain indirect but profound effects in the Pacific; and these were investing the Philippine Islands with an importance which they had not possessed hitherto in international affairs. As a result of the War, the storm-centre of international politics shifted away from the Near and Middle East and settled down over the Pacific Region; the field of naval competition likewise passed to the Pacific Ocean from the North Sea; and the tension centred in the

[1] p. 23.

[2] This diminution was apparently due to the withdrawal of officers by the American Government for service in the General War of 1914–18, as well as to the 'Filipinization' policy of the Harrison régime (cf. the diminution of the British personnel in Egypt from 1914 onwards).

[3] pp. 24–8.

[4] pp. 31–3.

[5] pp. 35–40.

[6] p. 42.

[7] Though these ventures savoured of state socialism, the doctrine which inspired them was not socialistic but nationalistic. The Filipino leaders do not appear to have had any partiality for socialistic measures as ends in themselves. For them (as for Mehmed 'Alī in Egypt from 1811 to 1842, and for the Turkish Government at Angora from 1920 onwards) such measures were means towards two other objects: first, an increase in the public revenue (an object seldom achieved by such measures); and second, the preservation or rescue of national assets from the hands of foreign concessionaires.

neighbourhood of the Philippines, since, of the three surviving naval Powers, one, the United States, was the sovereign of the islands, another, the British Empire, had holdings of first-class importance immediately to the west and south (in Hongkong, Singapore and Australasia), while the third, Japan, was now the neighbour of the Philippines on the east as well as the north. Japan had attained the status of a Great Power in the Russo-Japanese War of 1904–5 which had followed hard upon the heels of the Spanish-American War of 1898; but it was only when the General War of 1914–18 gave Japan the opportunity to display her strength that she became a source of anxiety to the other Pacific Powers. In the peace settlement of 1919 Japan acquired a mandate over all the former possessions of Germany in the Pacific lying north of the Equator (that is, over all the islands, except Guam, which lay between the Philippines and the westernmost base of the American Navy in Hawaii). Almost overnight the Pacific had been transformed from a zone of international insulation into a field of international tension; and this fact received recognition in the convening of the Washington Conference of 1921–2. The history of the Washington Conference has been recorded in a previous volume of this series [1] and need not be recapitulated, except to recall that the Philippines were one of those island possessions for the integrity of which the signatories of the Four-Power Treaty of the 13th December, 1921, gave one another a mutual guarantee [Article 1], and that they also fell within the zone within which the signatories of the Five-Power Treaty of the 6th February, 1922, undertook [Article 19] not to add to their existing fortifications and naval bases. Thus the effect of the Washington Conference upon the fortunes of the Philippines was to focus upon them the attention not only of the sovereign Power but of the other Powers with interests in the same region (a misfortune for a backward country, since for backward countries the truth that it is a happiness to have no history is true *a fortiori*). Moreover, this attention, once turned upon the Philippines, was kept in focus by the alarming increase of violence in the convulsions which, since 1911, had been upheaving China—the greatest continental country bordering on the Pacific Ocean.[2] China remained the unknown quantity in the Pacific and the Far East—the chief variable in both the Balance of Power and the Balance of Trade. For the United States, where the future of China was now arousing widespread public interest as well as deep official concern, the possession of the Philippines began to present

[1] *Survey for 1920–3*, pp. 452–71.
[2] See Part III. A, above.

itself in a new light as affording a convenient and perhaps an indispensable post of observation for watching Chinese affairs.

Finally, the Philippines were beginning to interest the American business community on account of their own local economic potentialities. The Philippines were an undeveloped tropical territory, and at this time tropical products were rapidly rising to an unprecedented importance as factors in the material life of Western society. The European colonial Powers were already in full cry after the exploitation of their possessions and dependencies in Tropical Africa. The United States had started on the same quest in Central America and the Caribbean.[1] In this one field, however, the resources at the command of the United States were inferior in amplitude to those commanded by her European competitors; and moreover the *de jure* independence of the Latin-American countries, and the growing sense of political solidarity among their peoples as the economic pressure from the United States increased, opposed obstacles to the exploitation of Tropical America by the United States of a kind from which the exploitation of Tropical Africa by the European Powers was almost entirely exempt. Thus, in the competition for tropical products (and particularly for rubber) the United States found herself at a disadvantage as compared with European countries whom she had outdistanced in almost all other rivalries on the economic plane; and American opinion was sensitive on the point, partly because in the American national character the competitive instinct was strong, and partly because the American people (old-fashioned in almost all things except technique) was still a whole-hearted devotee to the idol of national self-sufficiency in economic affairs. For these reasons the potential productivity of the Philippines—an undeveloped tropical territory over which the United States still retained her full sovereignty *de jure*, however far she might have let it go by default *de facto*—was beginning to fascinate the American business mind.

These changes, political and economic, in the international situation of the Philippines were reflected in a change of policy at Washington as soon as President Wilson's Administration gave place to that of President Harding. In a message transmitted to Congress on the 7th December, 1920, President Wilson had written:

> Allow me to call your attention to the fact that the people of the Philippine Islands have succeeded in maintaining a stable government since the last action of the Congress in their behalf, and have thus

[1] See *Survey for 1925*, vol. ii, pp. 398 *seqq*. This subject will be taken up again in the *Survey for 1927*.

fufilled the condition set by the Congress as precedent to a consideration of granting independence to the islands. I respectfully submit that this condition precedent having been fulfilled, it is now our liberty and our duty to keep our promise to the people of those islands by granting them the independence which they so honourably covet.[1]

In that session, however, Congress took no action; and as early as the 20th March, 1921, President Harding notified to the Secretary of War that he had appointed Major-General Leonard Wood and the Honourable W. Cameron Forbes to investigate the state of affairs in the Philippines on the spot.[2] Their report on the facts of the Harrison régime, which has been partly reviewed above, was summed up in certain general conclusions,[3] from which the following paragraphs may be quoted:

We feel that the lack of success in certain departments should not be considered as proof of essential incapacity on the part of Filipinos, but rather as indicating lack of experience and opportunity, and especially lack of inspection.

We feel that with all their many excellent qualities the experience of the past eight years, during which they have had practical autonomy, has not been such as to justify the people of the United States relinquishing supervision of the Government of the Philippine Islands, withdrawing their army and navy, and leaving the islands a prey to any powerful nation coveting their rich soil and potential commercial advantages.

Their recommendations, dated the 8th October, 1921, were as follows:

1. We recommend that the present general status of the Philippine Islands continue until the people have had time to absorb and thoroughly master the powers already in their hands.

2. We recommend that the responsible representative of the United States, the Governor-General, have authority commensurate with the responsibilities of his position. In case of failure to secure the necessary corrective action by the Philippine Legislature, we recommend that Congress declare null and void legislation which has been enacted diminishing, limiting, or dividing the authority granted the Governor-General under Act No. 240 of the Sixty-fourth Congress, known as the Jones Bill.

3. We recommend that, in case of a deadlock between the Governor-

[1] Quoted in President Harding's letter of the 20th March, 1921, to the Secretary of War, announcing the appointment of the Wood-Forbes Commission (letter printed in the *Wood-Forbes Report*, p. 7).

[2] Mr. Forbes had been the immediate predecessor of Mr. Harrison in the Governor-Generalship of the Philippines and had been recalled in order to make way for President Wilson's nominee. General Wood had been the first civil Governor of the Moro province. Thus both commissioners had first-hand experience in the problems of Philippine administration. It is obvious that they must also have had personal prepossessions.

[3] *Report*, pp. 45–6.

General and the Philippine Senate in the confirmation of appointments, the President of the United States be authorized to make and render the final decision.

4. We recommend that under no circumstances should the American Government permit to be established in the Philippine Islands a situation which would leave the United States in a position of responsibility without authority.

President Harding expressed his agreement with the findings of the Wood-Forbes Commission in the most emphatic way open to him: that is, by appointing General Wood as Mr. Harrison's successor in the Governor-Generalship. This was tantamount to instructing the new Governor-General to put into effect his own recommendations; and the President revealed his policy still more explicitly a few months later by replying to a Filipino petition for independence in the terms that have been quoted above. This change of policy at Washington was followed by a constitutional deadlock in the administration of the islands.

One cause of this deadlock was that, in view of all the facts, President Harding's declaration of policy had not been quite explicit enough. 'It is obvious why President Harding's promise that "no backward step is contemplated" should have been interpreted in entirely different ways by the new Governor-General and the Philippine Legislature. To the latter it meant that the system of government formulated in the "Jones Law" was to be enforced. Either the parliamentary or the presidential system of government was to prevail. The anger of the Filipino leaders as they saw General Wood gradually resuming the powers abdicated by his predecessor may well be understood. It culminated in the resignation of the Council of State in 1923.' Thereafter the Governor-General 'administered the Government in the spirit of the "Jones Law" and within the limitations imposed by legislation passed under the Council of State'.[1]

A deeper cause of this deadlock was the old-fashionedness of constitutional practice and theory in the United States, where the evolution of responsible parliamentary government had been arrested, in the last quarter of the eighteenth century, at a stage when the discovery, by trial and error, of its true nature was not yet complete. On certain notable occasions this constitutional archaism had created difficulties in the domestic politics of the United States, and still greater difficulties in her foreign relations. It was a peculiarly awkward impediment to the complicated task, to which the United States had committed herself in the Philippines, of gradually educating a politically backward foreign people in the art of constitutional

[1] Duggan, *loc. cit.*; see also *The Times* (London), 1st October, 1926.

self-government, up to the point of sovereign independence. In a communication,[1] relative to the question of the independence of the Philippines, which was made on the 21st February, 1924, by President Coolidge to the Honourable Manuel Roxas, the Chairman of the Philippine Mission at Washington, the President remarked that

> One who examines the grounds on which are based the protests against the present situation is forced to conclude that there has not been, thus far, a full realization of the fundamental ideals of democratic-republican government. There have been evidences of a certain inability or unwillingness to recognize that this type of governmental organization rests upon the theory of complete separation of the legislative, executive, and judicial functions.

A British observer would be inclined rather to conclude that the constitutional tradition of the United States (which was no doubt correctly defined in President Coolidge's description of 'democratic-republican government') had shown itself inadequate for the solution of the Philippine constitutional problem.

The sovereign Power was really in a dilemma. Under the Harrison régime the machinery of Government had worked smoothly, but this was only because all parties on the spot had tacitly agreed to ignore the constitution which they were supposed to be carrying out; and, as the Wood-Forbes Commission had reported, this smooth working of an unconstitutional system which was virtually full 'Dominion Self-Government' had transferred political responsibility from American to Filipino hands with an abruptness that threatened to 'result in the destruction of government'. The implementation under the Harrison régime of American promises of independence to the Philippines had, indeed, been revolutionary compared to the implementation, under the British 'Government of India Act' passed on the 23rd December, 1919, of the promise made to British India by the Imperial Parliament on the 20th August, 1917. Hence, the halt (as abrupt as Mr. Harrison's plunge) which was called by President Harding and by General Wood in 1922. Yet this halt (though it may have been imperative if the Power responsible for the welfare of the Philippines was to save the islands from a threatened disaster) only averted the immediate danger of a downward plunge by producing an *impasse* which might prove equally dangerous in the long run; and this *impasse* resulted, not only from the misunderstanding between the Filipino leaders and General Wood which had arisen owing to a Presidential lack of clarity, but from the 'horizontal' division of powers provided for in the 'Jones Law'—

[1] Cited in the bibliography at the end of the section.

a provision which might be extolled by President Harding's successor as a 'fundamental ideal of democratic-republican government', but which, when put into effective operation in the Philippines by General Wood, had not simply diminished the speed of the transfer of responsibility, but had brought the process altogether to a standstill.

This deadlock could not be tolerated with impunity. It is true that it produced less national animosity between Filipinos and Americans than might have been expected by analogy from similar situations elsewhere. In 1921 the Wood-Forbes Commission remarked upon the friendliness towards Americans which was evinced by the Filipino people;[1] and this individual goodwill does not appear to have been extinguished by the political conflict under the Wood régime, at any rate down to the year 1927.[2] This was the more remarkable in view of the fact that the United States had no Colonial Office and no Colonial Civil Service, so that, even after the inauguration of a civil administration in the Philippines in 1901 and the passage of the 'Jones Law' in 1916, the responsibility at Washington for Philippine affairs continued (as has been mentioned) to lie with the War Department. 'The Governor-General maintains', so Colonel Thompson reported [3] to President Coolidge in 1926, 'that under the present system he can secure American advisers only from the War Department . . . and that these advisers are therefore, necessarily, military officers.' Colonel Thompson observed that while, 'on the whole, General Wood' was 'to be commended for his efficient conduct of affairs during his administration', 'the military atmosphere of the present administration' had 'been unfortunate in its reactions upon the Filipino leaders'.[4]

[1] *Report*, pp. 20 and 45.

[2] 'I found no evidence of any anti-Americanism which would necessitate military control.'—*Report*, dated the 4th December, 1926, by Colonel C. A. Thompson (cited in the bibliography to the present section).

[3] *Report*, cited in the bibliography at the end of this section.

[4] In this connexion the following observations were made at the end of the year 1927, in a private letter to the writer of this *Survey*, by an American correspondent who was particularly well qualified to express an opinion:

"The American War Department is an unsuitable agency for the control of colonial territory involving present relationships with other countries, a possible future independence of the territory governed, and present administration of civilian affairs. It has not the habit of thought, the organization or the personnel: General Wood was much better than the average, and so was General Crowder, but for the most part you will have a man with a military mind and surrounded by men more military-minded than himself.

The United States, embarking on modern colonial administration, needs more of a trained personnel than it has yet developed. It is our serious defect in international relations that we have few men trained in the appro-

Moreover, there was no doubt that the constitutional deadlock was retarding the economic development of the islands, to the common loss of Filipinos and Americans. American business-men were tending to hold back from further financial commitments in a country with so uncertain a political future; and Filipino politicians, on their side, were taking measures to make the further investment of foreign capital in the islands more difficult, on the calculation that every fresh acquisition of economic interests in the country by foreigners might prove an additional impediment to the acquisition of political independence by the Filipino people.[1] Meanwhile, a series of tentative explorations in search of a way out of the deadlock were set on foot from Washington.

In his communication of the 21st February, 1924, President Coolidge had declared his opinion that the time had not yet come when it was 'apparent that independence would be better for the people of the Philippines, from the point of view of both their domestic concerns and their status in the world'. Nevertheless, the Insular Affairs Committee of the House of Representatives decided[2] on the 3rd March, 1924, to recommend for the consideration of the House a measure providing for the independence of the Philippines; and eventually two Bills were laid before Congress, one drafted by the Chairman of the Insular Affairs Committee, Mr. Fairfield, and the other by Senator Johnson of California. Both Bills provided for a provisional term of autonomy (twenty years in the House Bill, twenty-five in the Senate Bill), at the end of which the people of the Philippines were to vote on the question of retaining or severing their connexion with the United States.[3] Congress adjourned, however, without discussing either proposal.[4] Meanwhile, in March 1924, General Wood had telegraphed to the Secretary of War in Washington a strongly worded protest against the grant of immediate independence;[5] and next year he stated in an interview given to an American newspaper correspondent[6] that, in his opinion, it would

priate disciplines or with the international point of view, such as you may frequently see at Geneva. One of the best things Hoover has done with the Department of Commerce is to run a sort of training school in which men are put through all sorts of experience for the sake of building up a personnel; Hoover was unwilling to use the diplomatic and consular services, and is producing men so good that commercial enterprises take them away from him as fast as they reach the top of his service."

[1] See *The New York Times*, 28th February and 9th and 21st March, 1926; also the Thompson *Report*. [2] *The Times* (London), 5th March, 1924.

[3] *Ibid.*, 28th May, 1924. [4] *Ibid.*, 25th July, 1924.

[5] Text of this protest in *The New York Times*, 18th September, 1926.

[6] Mr. Edward Price Bell of *The Chicago Daily News* (see *The New York Times, loc. cit.*).

take from fifty to a hundred years to translate the potential capacity of the Filipino people for self-government into actuality.

The next step was taken by President Coolidge. On the 20th May, 1926, he commissioned Colonel Carmi A. Thompson to visit the Philippines and report on what the President 'might possibly do to secure a better administration of affairs in the Islands and a further development of their economic conditions'; and, after a visit which extended from the 9th July to the 4th October, 1926, Colonel Thompson duly presented his report [1] on the 4th December of that year. He submitted that the political problem was 'the fundamental problem' in the Philippines, and that it would 'be impossible to bring about any economic development there before the political status' had 'been settled finally or for a long time to come'. He found that the political problem had two principal aspects: 'first, a widespread and insistent agitation for immediate, absolute and complete independence; second, a deadlock between the Governor-General and the Legislature;' and he reported that 'responsibility for the friction appears to be divided between the executive and the legislative branches of the Government'. His general recommendations were as follows:

> First—That such steps be taken as may be required to re-establish co-operation between the executive and legislative branches of the Philippine Government.
>
> Second—That the granting of absolute independence to the Philippines be postponed for some time to come; that this matter be considered at some future date when the Islands are sufficiently developed to maintain an independent government, and that in the meantime there be granted such further autonomy in the management of internal affairs as conditions may from time to time warrant.
>
> Third—That the United States Government establish an independent department for the administration of the Philippine Islands and other overseas territory.
>
> Fourth—That the Governor-General be provided with the necessary civil advisers in order to relieve him of the present necessity of selecting such advisers from the United States Army.[2]
>
> Ninth—That the fundamental law governing the Philippines, known as the 'Jones Act', be not amended or changed at this time.
>
> Twelfth—That the Philippine Government withdraw from private business at the earliest possible date.

[1] Text cited in the bibliography at the end of the section.

[2] A Bill to provide civilian advisers for the Governor-General was before the House Committee on Insular Affairs in February 1927 (see *The United States Daily*, 4th, 5th, 7th, 8th and 9th February, 1927). In November 1927 the Department of War was reported to have approved a proposal introduced in the Philippine Legislature to appropriate money to pay for civilian advisers (*ibid.*, 18th November, 1927).

On the 22nd December, 1926, Colonel Thompson's Report was communicated to Congress by President Coolidge and commended for their consideration, with the reservation that the President did 'not agree entirely with all his views and recommendations'. While Colonel Thompson had been in the islands, the President, in the course of explaining to a Filipino leader, Senator Osmeña, the purpose of the Thompson Mission, had stated his own policy in the following terms:

> We are going to withdraw from the Islands, but before doing so we have a task to complete. I think that to leave you there as you are now would be to desert you. It would be more to your advantage to assist your economic development, so that when the time comes we can leave you with sufficient resources to maintain your own schools and roads and other things that must be supported by an independent democracy.[1]

Next day the Presidential policy was paraphrased by General Wood in the following less diplomatic terms:

> Philippine problems are a part of America's Pacific problem, which concerns not only the Philippine Islands, but also America and other Powers. Its solution can never be achieved by the chatter of agitators. It is not a one-man job, but must be worked out, not only in accordance with the wishes and interests of the Filipinos, but also of America and other countries. When her task is done, America will say so. Until America says so, the task is unfinished. We are now opening the gates of a new era, an era of economic expansion for the Philippines. Political independence cannot survive until complete economic independence has been achieved.[2]

On the 10th November, 1926, General Wood, acting on the strength of legal opinions rendered by the Judge Advocate General of the United States Army and the Attorney-General of the United States, issued an executive order [3] declaring null and void the provisions of certain statutes of the Philippine Legislature for the establishment of the Board of Control [4] and announcing that thenceforth the powers previously exercised by the Board would be exercised solely by the Governor-General, 'pursuant to the executive power vested in him by the Organic Act'.

Thus the constitutional deadlock in the Philippines remained un-

[1] Statement by President Coolidge as reported by Senator Osmeña in a speech delivered on the island of Cebu, in Colonel Thompson's presence, on the 18th August, 1926 (*The New York Times*, 19th August, 1926).

[2] Speech delivered, also at Cebu, by General Wood on the 19th August, 1926 (*The Times* (London), 21st August, 1926).

[3] Text in *The New York Times*, 10th November, 1926. (See also *The Manila Bulletin* of the 11th November, 1926.)

[4] For the constitution and functions of this board, see p. 411 above.

resolved, and meanwhile the controversy over the merits of the Filipinos' demand for independence continued.

On the American side it was frankly admitted that there was 'a keen interest in the question of independence' [1] and that 'the great bulk of the Christian Filipinos' had 'a very natural desire' for it.[2] It was further admitted that the Filipinos were 'naturally an orderly and law-abiding people';[3] that, at the elections of June 1919 (the first general election to be held under the enlarged suffrage which had been granted by the 'Jones Law'),[4] 'interest was widespread and election day passed without any serious disturbance;'[5] that in the islands a larger percentage of qualified voters appeared at the polls than in the United States;[6] that the legislative chambers were 'conducted with dignity and decorum' and were 'composed of representative men';[7] and even that 'a majority would unquestionably vote for independence if a plebiscite were held to-morrow'.[8] On the other hand, it was averred that the election machinery was practically in the hands of the dominant parties; that the 'inspectors of election' (officers whose function was to safeguard the exercise of electoral rights by illiterate voters) were 'too often their tools'; that, outside the larger cities and principal towns, the organization of society was so primitive that the people generally were 'unaware of

[1] *Wood-Forbes Report*, p. 12.

[2] *Op. cit.*, p. 21; cf. p. 45.

[3] *Op. cit.*, p. 19.

[4] Under the 'Jones Law' the suffrage was (perhaps wisely) still limited to literate male voters possessing a certain property qualification. At the same time it may be mentioned that the Filipino women were often praised by foreigners for their capacity in practical affairs.

[5] *Wood-Forbes Report*, p. 42. The voting was by secret ballot.

[6] Duggan, *loc. cit.*

[7] *Wood-Forbes Report*, p. 45.

[8] Statement by Mr. Nicholas Roosevelt in *The New York Times*, 21st March, 1926. A Bill to appropriate funds for the taking of a plebiscite on the question of independence was passed by the Philippine Legislature in 1925, vetoed by General Wood, re-passed and re-vetoed in 1926, and finally passed a second time against the Governor-General's veto—a step which, under the 'Jones Act', had the effect of bringing the Bill before the President of the United States (see *The Times*(London), 24th July and 9th September, 1926). In April 1927 President Coolidge vetoed the Bill—this being the first occasion on which a President of the United States had made use of his power in this respect. In his message to General Wood announcing his decision, which was made public on the 7th April (text in *The United States Daily*, 8th April, 1927), President Coolidge set out in detail the benefits which the Filipinos had derived from their relationship to the United States, stated his 'sincere conviction that the people of the Philippine Islands have not yet attained the capability of full self-government', and concluded that 'a plebiscite on the question of immediate independence would tend to divert the attention of the people towards the pursuit of mere political power rather than to the consideration of the essential steps necessary for the maintenance of a stable, prosperous, well-governed community'.

their civil rights'; that society was still in a patriarchal or feudal state, in which the peasantry was dominated by an oligarchy of 'caciques'; and that 'the subservience of the people to these leaders', though steadily lessening in proportion to the progress of education, had not yet been eradicated.[1] In consequence (so it was affirmed on the American side) the outward results produced in the Philippines by the working of the Western political machine ought not to be taken at their face value. The apparent unanimity represented, not the *union sacrée* of a newly awakened national consciousness, but the traditional passivity of the peasants in the hands of the oligarchs.[2] Political development was retarded because the political parties would not divide upon the real issues that confronted the people until the independence question was settled.[3] The divisions that did show themselves had reference to personalities rather than to principles;[4] and the vehemence with which principles were publicly professed was no index of the sincerity with which they were held in private.[5]

This picture of political life in the Philippines bore a remarkable resemblance to the picture which the contemporary political life of Mexico,[6] Egypt, Turkey, Italy and Spain presented in the eyes of other 'Anglo-Saxon' observers. In several of these cases a certain allowance must be made for 'Anglo-Saxon' prejudice against non-Westerners who had had the perversity to imbibe Western civilization through a non-'Anglo-Saxon' channel.[7] Nevertheless, an

[1] *Wood-Forbes Report*, p. 43; cf pp. 18 and 19. [2] *Op. cit.*, p. 43.

[3] Duggan, *loc. cit.* This phenomenon, of course, was not peculiar to the Philippines, but had also appeared in Western countries whose people had found themselves compelled to contend for their national independence against some foreign Government.

[4] *Wood-Forbes Report, loc. cit.*

[5] See, for example, the statement by Mr. Nicholas Roosevelt, in *The New York Times*, 21st March, 1926, that many Filipino leaders who were demanding immediate independence in public had confessed to him privately that their country was not yet ready for independence. (This could be paralleled by contemporary testimony from British observers in Egypt.) Compare the following passage in the *Thompson Report*:

> During my stay in the Islands I sought every opportunity to obtain the private opinions of Filipino political leaders and business men on this subject. I believe that no leader, either in politics or business, expects independence for a long time to come. I learned that all Filipinos, with the exception of a small radical minority, really hope for an ultimate settlement of their relations with the United States on a basis which would eventually give them complete autonomy in internal affairs, but with the United States directing all foreign relations.

[6] Dr. Duggan points out (*loc. cit.*) that in Mexican, unlike Philippine, elections only a small minority of the qualified voters participated.

[7] [In 1913] 'both the political and administrative leaders [of the Catholic Filipinos] were still Spanish-trained and Spanish-speaking, and many are so to-day' (*Wood-Forbes Report*, p. 22). In the Philippines, as in Egypt, during

unprejudiced observer (if such could have been found in the contemporary world) would probably have pronounced that, when all was said, the picture, though unsympathetically drawn, was not a caricature; and he might also have remarked that in the Philippines, as in Egypt, the modern political ascendancy of the native oligarchy over the native peasantry was based upon a much older ascendancy in economic affairs.

Among the ninety per cent. of the inhabitants of the Philippines who were engaged in agriculture, many were 'too poor to carry on their farming throughout the year without assistance';[1] and the local oligarch often laid the foundations of his political 'boss-ship' by acting as the local money-lender. Usury entailed economic slavery; and although the formation of local co-operative rural credit associations had been encouraged, under the Harrison régime, by an Act of the 19th October, 1916,[2] it was alleged that this Act was neither sufficient in itself nor indeed intended to function efficiently, since that 'would sound the death-knell of caciquism'.[3] Moreover, the Philippine Legislature had passed another Act (No. 2098) which enabled employers of labour 'to prosecute their labourers for breach of contract and in many cases to hold them against their will, resulting in a kind of legalized peonage. . . . During the fiscal year 1918 there was a total of 3,266 cases of this nature, of which 1,456 were convicted'.[4] In view of this, the American administrator might sincerely consider himself a trustee for the guardianship of the natural rights of a helpless peasantry against the oppression of an unmerciful oligarchy [5]—a point of view which inevitably led to further misunderstanding, since it gave either party a hypocritical appearance in the eyes of the other. For the American administrator, the Filipino 'cacique', in the name of national independence and democratic liberty, was struggling to keep his economic yoke upon the neck of the Filipino peasantry. For the Filipino political leader, the

this period, the friction between the dominant and the dominated peoples was undoubtedly increased by the fact that in both cases the dominators were animated by the 'Anglo-Saxon' sense of being a 'Chosen People', while the oligarchs of the dominated population had scraped their veneer of Westernism out of the Catholic-Latin and not the Protestant-'Anglo-Saxon' palette. It should be noted, nevertheless, that the Wood-Forbes Commission paid a tribute to the former Spanish régime in the Philippines (*Report*, p. 14).

[1] Duggan, *loc. cit.* [2] Duggan, *loc. cit.*

[3] This allegation is reported, without being endorsed, by Dr. Duggan.

[4] *Wood-Forbes Report*, p. 25.

[5] 'Such a gulf as exists between the upper and lower classes in the Philippines is unknown in America. This gulf is so wide that no genuinely popular government is possible until the position of the masses of the Filipino people has been raised' (*Thompson Report*).

American's professed championship of one class of Filipinos against another masked a determination to maintain his despotic rule over the Philippines, against the unanimous wishes of a united Filipino people, for his own 'imperialistic' ends.[1]

The controversy over the Filipinos' demand for independence was also conducted on purely economic ground. While in 1926 ninety per cent. of the population of the islands were peasants, and many of these peasants were too poor to stand on their own feet economically, 'eighty-five per cent. of the land' was 'still public domain, most of it original forest'.[2] Much of this virgin soil was ideally suited for tropical agriculture, but economic progress was prevented by failure to break a vicious circle. 'Further development of the Islands', Colonel Thompson reported, 'is made virtually impossible by the lack of adequate national revenue; and the Government cannot materially increase its revenue until the taxable wealth of the Islands has become much greater than it now is.' On this very ground the Wood-Forbes Commission had reported six years earlier that the Filipino people were 'not organized economically nor from the standpoint of national defence to maintain an independent Government'.[3] In particular it was urged on the American side that even if the Filipinos possessed the martial spirit,[4] organizing capacity and technical skill to build up an adequate national army and navy, they could not pay the bill. It was true that foreign trade (one index of national wealth) was on the increase, but this increase dated from the passage in 1909 at Washington of the Payne Act, which had established reciprocal free trade between the Philippines and the United States. 'In the first three years of [Philippine-American] free trade the [Philippine] trade with all countries nearly doubled', and between 1916 and 1920, that is, during the Harrison régime, it still 'went sharply upward'. In 1921 'two-thirds of the [foreign] business of the country' was 'trade with the United States', and 'the proportion of gross business with the United States' was reported to have 'been steadily increasing'.[5] Moreover, this free trade with the United

[1] 'The Americans in the Islands are practically a unit for the continuance of American control' (*Wood-Forbes Report*, p. 21). On the part of the American army officers and the American business-men, this attitude was evidently not disinterested (even though they may have believed sincerely that the true interest of the Filipinos coincided with their own). According to Duggan (*loc. cit.*), the opponents of independence also included in their ranks the non-American foreign residents and the Catholic Church.

[2] *Thompson Report.* [3] *Wood-Forbes Report*, p. 45.

[4] '[The Filipinos] make brave soldiers, and under good leaders make excellent troops' (*Wood-Forbes Report*, p. 18).

[5] *Wood-Forbes Report*, p. 34.

States had induced Americans to invest in the Philippines considerable quantities of capital[1] (the grease which the economic system of the country so urgently needed in order to make its wheels go round). This reciprocal free trade between the Philippines and the United States would presumably terminate if and when the Filipinos obtained their independence; and the Wood-Forbes Commission estimated[2] that 'the first effect would be a very serious blow to trade' and that 'the loss in internal revenue, were the stimulus of free trade to business removed, would be greater than would be the increased collections of customs duties'. Six years later Colonel Thompson estimated that the result would be nothing less than 'economic disaster'.

The Wood-Forbes Commission reported that most of the Christian Filipinos desired 'independence under the protection of the United States'; that 'a very small percentage' desired 'immediate independence with separation from the United States';[3] and that they found 'a general failure to appreciate the fact that independence under the protection of another nation is not true independence'.[4] The Filipinos, on their side, did not admit that they felt themselves unable to dispense with the protection of the United States Army and Navy. They argued that if that protection were withdrawn, the independence of the islands would be effectually safeguarded by the local play of the Balance of Power (i.e. that Great Britain and the Netherlands, and for that matter the United States herself, would never permit the Philippines to fall under the dominion of Japan). They also represented that they could secure a measure of organized protection by obtaining admission to membership in the League of Nations (to which all the independent states represented in the Pacific and the Far East, apart from the United States, already belonged).[5] As for the suggestion that the need of the Japanese people for virgin soil was so pressing that the Japanese Government would never be able to keep its hands off the Philippines (League or no League) if once the physical protection afforded by the American Army and Navy were removed, Filipino observers pointed out that the Japanese people were particularly susceptible to climatic conditions, and that it had been shown by experience that they did not thrive in the tropical climate of the Philippines. In proof, they adduced the fact that in 1927 there were 'only about 10,000 Japanese

[1] Duggan, *loc. cit.* [2] *Report*, p. 35. [3] *Report*, p. 21.

[4] *Report*, p. 45. Compare the state of mind among contemporary nationalist leaders in British India in regard to the protection of their country by the British Army and Navy.

[5] For the Filipino arguments see Duggan, *loc. cit.*

in the Philippines',[1] although in the Philippines there was no anti-immigration law directed against the Japanese, whereas in Hawaii and in the United States, where there were very strict immigration laws, there were about 120,000 and 140,000 Japanese respectively.[2] Filipino observers in 1927 also called attention[3] to the prevailing orientation of Japanese foreign policy which has been discussed in a previous section of the present volume.[4] Thus the Filipinos did not allow themselves to be impressed by American expressions of solicitude lest a Philippine Republic which had been granted its independence by the United States might quickly forfeit the prize to some other Power (and might find that it had exchanged King Log for King Stork into the bargain). They were inclined to discount all American arguments *a priori* as pretexts for the maintenance of American sovereignty over the islands in order that the islands might serve as a naval and military base for the United States in Far Eastern waters. This insinuation was substantially rebutted by the terms of the Washington Treaties of 1921–2.[5] It was perhaps true, however, that the marked increase, since the General War of 1914–18, in the uncertainty and danger of the international situation in the Far East and the Pacific had introduced an element of strategic calculation into the reluctance of the United States to renounce her sovereignty over the Philippines forthwith—even though this reluctance may have been due in the main to other causes.[6]

The Filipino-American controversy took a particularly acute form over the local problem presented by the islands of Mindanao, Palawan, and the Sulus, where the issue was more than usually confused by the unfortunate accident that for geographical reasons these islands, being the southernmost of the Philippine Group, contained both the Muslim ('Moro') minority of the population and at the same time the major part of those lands which were suitable, in soil and climate, for rubber cultivation. The Moros were hostile to any scheme of Philippine independence which would place them in the power of the

[1] The total number of Japanese in the Philippines, as estimated by the Wood-Forbes Commission in 1921, was actually 12,636 (*Report*, p. 5).

[2] Statement by the Director of the Philippine Press Bureau, Washington Office of the Philippine Commission of Independence, Mr. Vincente G. Bunuan, in the symposium cited in the bibliography at the end of this section, p. 26.

[3] *Op. cit., loc. cit.* [4] pp. 385–95, above.

[5] See *Survey for 1920–3*, Part VI, Section (iv).

[6] Compare the reluctance of Great Britain, after the General War of 1914–18, to surrender her sovereignty over Cyprus—a reluctance for which there was possibly less strategic justification, since the island had not proved to possess any great strategic value during the war itself, while the post-war international situation in the Near and Middle East was distinctly less uncertain and dangerous than the post-war situation in the Far East and the Pacific.

Catholic majority in a centralized republic governed from Manila. The undeveloped rubber-fields exercised a strong fascination upon the minds of an American public in revolt against the prices which it was being compelled to pay to foreign producers, and of American business-men who foresaw profit for themselves in growing rubber for American consumption in a territory under the American flag. Here the duty and the interest of the United States might seem to the godly-minded to be pointing providentially in the self-same direction; and here, therefore, Catholic Filipino suspicion of Protestant American sincerity was most intense—though not *a priori* better justified than in other spheres.[1]

The character of the Moro problem illustrated the fundamental homogeneity of Islamic society in all parts of the world where the impact of the West had not yet shaken Islam out of its long torpor; for the three-cornered relation between the United States Government, the Muslims and the Catholics in the Philippines bore a close resemblance to the contemporary relation between the British Government, the Muslims and the Hindus in the British Indian Empire and between the British Government, the Muslims and the Orthodox Christians in Cyprus. Accustomed to defy the power of Spain and to live on the spoils of their Catholic neighbours under the Spanish rule, the Moros, like 'the strong man armed' in the parable, had found in the United States a stronger than themselves. After opposing a fierce but unavailing resistance to the original American conquest, they had accepted with resignation, and with little resentment, the arbitrament of the sword and had submitted to be disarmed; but, 'unconquered by Filipinos or Spaniards', they had 'surrendered to the Americans upon receiving what they believed to be a solemn promise on the part of the United States to protect them from the Filipino rule'.[2] It might be a more accurate statement of the case to say that at the outset the possibility of Filipino rule being established over the Moros had scarcely occurred to the minds of either the Moros themselves or their American conquerors. Rather, it was the Moros who had been compelled by the superior force of the United States to cease from domineering over the Filipinos and to live thenceforth side by side with them, on what were intended to be terms of equality, under the common aegis of the *Pax Americana*. It is never easy, however, to arrest the pendulum of human affairs;

[1] Compare the similar complication which was introduced into the controversy over the frontier between Turkey and 'Irāq by the coincidence in the Mosul Vilāyet of indubitable Kurdish tribes and putative oil-fields (see *Survey for 1925*, vol. i, pp. 478–80, 529–31).

[2] *Thompson Report.*

and the Moros, after reconciling themselves to the termination of their military ascendancy over the Filipinos, unwittingly allowed the Filipinos to steal a long march upon them in those new fields of social endeavour—political, administrative, educational—which were now rapidly being opened up by the transforming effect of the American régime in the islands. Above all, the Moros (like their co-religionists in British India) were slow to appreciate the value of Western education, into which the Catholic Filipinos were throwing themselves with a zeal which has been described above. For book and pen they had the traditional distaste of men accustomed to live by the sword; and their natural disinclination to enter into competition with the Catholics in unfamiliar and distasteful walks of life was not stimulated by any acute sense of danger until after the inauguration of the Harrison régime in 1913.

Until that time the Moros were shielded from the pressure of the Catholics by the American administration. After the pacification of the Moro country, it had been created in 1903 into a special 'Moro Province', of which General Leonard Wood had been the first civil Governor;[1] and the 'Jones Law' of 1916 had sought to safeguard the interests of the Muslim and Pagan elements in the population of the Philippines by several measures: for example, it had provided (Section 15) that the districts in which those elements were in the majority should be represented in the Philippine Legislature by senators and representatives to be appointed by the Governor-General; and it had further established (Section 22) a Bureau of Non-Christian Tribes. Meanwhile, under the Harrison régime, the Government at Manila had embarked on a policy of assimilating the Moro islands to the rest of the country. In place of the special organic law of the Moro Province, the general law of the Philippines had been applied;[2] Catholic officials and gendarmes[3] had been posted to Muslim districts; and the Manila Government had organized a migration of Catholic settlers from other islands, some of which were congested, to the Moro island of Mindanao, where there were still 'immense areas of fertile unoccupied lands'.[4] In 1926 it was estimated

[1] Mayo, *The Isles of Fear*, p. 295. [2] *Op. cit.*, p. 299.

[3] Allegations of misconduct, during the years 1913–21, on the part of Catholic gendarmes stationed in Mindanao were afterwards brought forward (e.g. in Mayo, *op. cit.*, pp. 330–1). It will be remembered that this was the period in which the Wood-Forbes Commission reported that the standard of the Philippine Constabulary had been lowered through the loss of American officers who had left the service in order to take part in the Great War.

[4] Duggan, *loc. cit.* Compare the Japanese Government's policy in organizing the colonization of the northern island Hokkaido by settlers from the congested parts of the Japanese Empire (see the present volume, p. 391 above).

that, as a result of this colonization, there were by then from 250,000 to 300,000 Christian Filipinos in Mindanao, as against 300,000 to 400,000 Muslims and about 50,000 Pagans.[1] In the summer of 1926 a Bill was introduced into the Philippine Legislature for a financial appropriation in order to establish a Mindanao Board of Colonization,[2] which would presumably carry on the process of settlement intensively. This policy aroused resentment and alarm among the Moros. They claimed the protection of the American Government; and the opening of this new chapter in the old feud between Malay Muslim and Malay Catholic in the Philippines placed the sovereign Power in a difficult position.

The Catholics, who had old scores to pay off against the Muslims, did not see why they should not be allowed to take advantage of their new superiority over their old oppressors. Had they not earned it by their own energy and foresight in adapting themselves to the new conditions of competition which had been created by the advent of the American régime? Had not the Moros condemned themselves to submergence by letting slip the occasion to move with the times? Providence had not intervened to protect the Catholics from the Moros in the days when the decision lay with the sword. Why should the Moros be exempted, by American intervention, from the working of poetic justice now that their turn had come to experience the discomforts of being 'under dog'? The Moros' reply was that the parts never would have been reversed if the Americans had not originally upset the balance by intervening—and that most effectually—at the time when they had conquered the Moros and deprived them of their arms. The bargain was (so the Moros argued) that they should be subject thenceforth to the rule of their American conquerors, whom they respected not only for their prowess in war but for their just dealing in peace-time. It was not in the bargain that the Americans, having induced them to lay down their arms in the expectation of American rule, should afterwards hand them over defenceless to the Catholic Filipinos, who could never have conquered them with their own right arms. Accordingly, the Moros opposed the suggestion that the United States should withdraw from the islands, and carried their opposition to the point of threatening to revolt were that to happen and were they to come under the sole control of their Catholic neighbours.[3] The United States, they

[1] *The New York Times*, 17th September, 1926.
[2] *The New York Times*, *loc. cit.*
[3] Duggan, *loc. cit.* The text of a memorial of protest is reprinted in Mayo, *op. cit.*, pp. 334–8.

declared, had a moral if not a contractual obligation towards them which she could not honourably repudiate.

This appeal from the Moros found a response on the American side in a movement for separating the Moro islands from the rest of the Philippines and for retaining, and even perhaps increasing, the existing degree of American control over these islands, whatever further instalments of self-government might be granted to the others. In the year 1926 a Bill to this effect, the so-called Bacon Bill, was laid before the Congress at Washington. The intention of this Bill was strenuously opposed by the Catholic Filipinos, who regarded it as a proposal for the partitioning of their country and believed (or persuaded themselves) that American supporters of the Bill were actuated, not by any altruistic concern for the interests of the Moros, but by a desire to establish permanent American control over the Mindanao rubber-fields. At the end of 1926 Colonel Thompson reported on this difficult question after a close investigation on the spot:[1]

> I know of nothing which would shake the confidence of the Christian Filipinos in the good faith of the United States more than the passage of an Act which might permanently segregate the southern islands from the remainder of the Philippine Archipelago. The opponents of the Bacon Bill say the passage of this Bill would produce that result.
>
> Furthermore, it is my conviction that the southern islands of the Philippines should not be permanently separated from the rest of the archipelago. Their unoccupied lands afford a necessary outlet for the rapidly increasing population of the islands to the north and their natural wealth is very essential to the upbuilding of the strong Philippine nation which it is the purpose of both the Filipino people and the United States to establish.
>
> It should be pointed out in this connexion, however, that the granting of independence at the present time would necessitate the separation of Mindanao and the Sulu Archipelago from the rest of the islands unless the United States were to break faith with the Moros.
>
> The Moros, unconquered by Filipinos or Spaniards, surrendered to the Americans upon receiving what they believed to be a solemn promise on the part of the United States to protect them from the Filipino rule. The obligation of this promise should be met.
>
> It is inevitable, however, that during the ensuing years the Moros shall come into more intimate contact with Western Christian civilization; and while this contact should be made under active American direction and control, the purpose of the Philippine Government to induce the Moros to become willing members of a united Filipino people should be respected and, so far as possible, furthered.
>
> At the present time conditions in the Moro provinces, especially

[1] For his visit to the Moro islands, see *The New York Times*, 24th, 25th, 26th, 27th, and 30th August, and 2nd September, 1926.

> Lanao, are so bad that the control and direction of their Governments should be placed in American hands. So far as is necessary and practicable, the Filipino civil officials and military forces in the Moro country should be replaced by Americans and Moros.
>
> When peace and order have been restored and passions which at present run high have somewhat subsided, the United States should seek to reach a solution of this very delicate and difficult question which will serve the best interests of all concerned.

This statesmanlike proposal for the exertion of American authority and influence in the Philippines in order to bring the two sections of the population to compose their feud and co-operate in the task of self-government also pointed the way to the economic development of the island of Mindanao, one condition of which was that there should be an increase in the local supply of labour.

On the question of rubber cultivation Colonel Thompson reported as follows:

> The American Department of Commerce has reported that there are approximately 1,500,000 acres of land on the islands of Mindanao, Basilan, and Jolo suitable for the production of rubber, and that in some respects this acreage is better suited for the purpose than land now producing rubber in Java, Sumatra, and the Malay Peninsula.
>
> When rubber is raised on a very large scale in the Philippine Islands the problem of securing an adequate supply of labour will become a matter for serious consideration. I believe, however, that for some time to come labour will enter the rubber territory from other parts of the islands as it is required, and in sufficient quantity to produce from 75,000 to 80,000 tons of crude rubber annually.
>
> This quantity constitutes about one-fourth of the annual requirements of the United States at the present time.
>
> While it is apparent from the experience of the American Rubber Company and of all other rubber districts in the East that rubber can be and should be raised in the Philippines by small planters, it will probably be necessary to encourage the development of a few larger estates in the beginning.

Here, however, there was a legal obstacle to be overcome. In order to save the very extensive public lands in the Philippines for the Filipino people, the United States Government, in the Organic Act (of the 1st July, 1902, as amended or affected by subsequent legislation), had set a maximum limit upon the amount of public land which could be bought or leased by individuals and corporations, and upon the term for which leases might run (Sections 15 and 75).[1] The 'Jones Law' of 1916 laid down (Section 6) that the laws

[1] Compare the still more drastic measures taken by the Roman Government in 168 B.C., after the conquest of Macedonia, to safeguard the conquered country against the exploitation of public property by Roman capitalists: 'Metalli quoque Macedonici, quod ingens vectigal erat, locationesque praedio-

then in force in the Philippines should continue in force unless it were otherwise provided; and it explicitly (Section 9) placed existing public lands under the control of the Philippine Government and empowered the Philippine Legislature (subject to approval by the President of the United States) to legislate in regard to them. In virtue of this provision, a Public Land Act[1] was duly passed and came into effect on the 29th November, 1919; and this Philippine Act reproduced in essentials the stipulations of the United States Government's Philippine Organic Law. For purchases of public land the maxima were fixed (chapter 5) at 100 hectares when the purchaser was an individual and at 1,024 when it was a corporation. For leases (chapter 6) the maximum was fixed at 1,024 for individuals and corporations alike; but leases were neither to run in the first instance, nor to be renewable thereafter, for periods exceeding twenty-five years.

American capitalists who looked forward to planting rubber in Mindanao on a large scale resented this law as a restriction deliberately imposed upon their economic enterprise. On the other side, the Filipino political leaders set store by it as a bulwark against the acquisition by American capitalists of vested interests on such a scale as might determine the policy of the American Government and people in a direction unfavourable to the implementation of the promises of independence, or, short of that, might induce them to except from the scope of these promises those southern islands on which Moros grew wild and rubber might be grown by cultivation. There was even a movement in the United States for revoking the 'Jones Law' in so far as to resume into the hands of the United States Government the control over public lands in the Philippines, with a view to overriding the Philippines Land Law of 1919. On this point, however, Colonel Thompson submitted (no doubt wisely) that 'if it should be found necessary to change the land laws of the Philippines to induce large interests to enter the country for the purpose of starting rubber production there, such amendments should be made by the Philippine Legislature'; and he recommended 'that no amendments be made at this time to the Philippine land laws by the American Congress'.

rum rusticorum tolli placebat; nam neque sine publicano exerceri posse; et, ubi publicanus esset, ibi aut ius publicum vanum aut libertatem sociis nullam esse. Ne ipsos quidem Macedonas idem exercere posse. Ubi in medio praeda administrantibus esset, ibi nunquam causas seditionum et certaminis defore' (Livy, Book XLV, chapter 18).

[1] Text in the official collection of documents, cited in the bibliography at the end of this section. For the history of the enactment see *op. cit.*, p. 8.

In his message addressed to Congress on the 7th December, 1926,[1] President Coolidge deprecated any undertaking on the part of the United States Government 'to give power for large holdings of land in the Islands against the opposition of the people of the locality'. In the same message the President affirmed that, whatever degree of domestic autonomy might be granted to the Philippines, no one contemplated a time when the United States would 'not assume some responsibility for their defence'.

This was the situation of the Philippines at the end of 1926. On the 7th August, 1927, General Wood, the Governor-General, died; but during the interval of four months which elapsed before his successor was appointed it became clear that President Coolidge did not intend the appointment of a new Governor-General to inaugurate a change of policy, and an official announcement made from the White House on the 15th November indicated in unmistakable terms that the 'Jones Act' was to remain the basis of the Administration's policy in the Philippines.[2] On the 13th December, 1927, President Coolidge nominated as Governor-General Mr. Henry L. Stimson, a former Secretary of War, who had recently carried out an important mission on the President's behalf in the Central American Republic of Nicaragua.[3]

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[1] See *The Times* (London), 9th December, 1926.
[2] See *The United States Daily*, 16th November, 1927.
[3] The situation in Nicaragua will be dealt with in the *Survey for 1927*.
[4] The 'Jones Law' is reprinted in both Miss Mayo's book (No. 8 below) and Mr. Roosevelt's (No. 10); Mr. Roosevelt also reprints the Baker letter of the 18th August, 1916.

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(iv) The Disturbances in Netherlands India, 1926–7.

The disturbances which occurred in Netherlands India in the years 1926 and 1927 were a matter of international concern. In the first place, there was apparently strong evidence that they had been fomented from abroad under the auspices of the Third (Communist) International.[1] In the second place (and this would explain why the Third International might elect to exert itself in a region so remote from Moscow as Indonesia), it was highly probable that, if such disturbances were to become incessant and acute in Indonesia, the effect would be felt at a long range round the shores of the Pacific and the Indian Oceans.

Indonesia, in fact, was a favourable field for international propaganda for the same reason that it was a focus of sea-borne trade and of naval strategy. Its chain of peninsulas and islands formed an almost continuous land-bridge between Asia and Australasia, and at the same time afforded a narrow maritime passage between the Far East on the one side and India, Tropical Africa, the Islamic World and Europe on the other. Thus it was not an accidental coincidence that Singapore—the most commanding point in this commanding archipelago—should have been singled out as a base of operations by the Third International,[2] as well as by the British Admiralty

[1] See the *Officieel Rapport der Nederlandsch-Indische Regeering over de Communistische Woelingen in November 1926* (published as a supplement to *Ik Zal Handhaven*, May 1927).

[2] *Op. cit.*, p. 3.

and by the International Health Service of the League of Nations,[1] a few years after the termination of the General War of 1914–18.

Yet while the British Malayan port of Singapore was at this time perhaps the most important single point in Indonesia, neither British Malaya nor the American possessions in the Philippines could compare in extent of territory or numbers of population with Netherlands India, to which nearly all the rest of the Indonesian Archipelago belonged.[2] As against the 3,358,000 inhabitants of British Malaya enumerated in the census of 1921 and the 10,956,000 inhabitants of the Philippines according to the census of 1921, Netherlands India showed a population of 49,350,834 in the census of 1920;[3] and the islands among which this population was distributed extended over a vast space on the map. If an outline map of the Dutch possessions in Indonesia were superposed on an outline map of Europe, the Dutch portion of New Guinea would cover the Caucasus, while the north-western tip of Sumatra would jut out into the Atlantic as far to the west of Ireland as Ireland lay to the west of Denmark.

The 50,000,000 inhabitants of this widespread insular empire were most unequally distributed between the different islands. Not less than 34,984,171 of them (according to the census of 1920)[4] lived on the two islands of Java and Madura, the combined area of which was not greater than that of the peninsular part of Italy; while the area over which the remaining 14,366,663[5] were scattered comprised, in the Dutch portion of Borneo, one territory which was far larger than the largest single European country apart from Russia, and in Sumatra and Dutch New Guinea two other territories which in Europe would each have ranked as a country of the largest calibre, not to speak of almost innumerable lesser islands ranging through all intermediate sizes down to the dimensions of an atoll.

This extreme inequality in the geographical distribution of population was the historical consequence of a corresponding geographical concentration of economic and political activity on the part of the ruling Power. Dutch merchants, planters, and industrialists had hitherto devoted most of their energies to the development of Java, though they were beginning to pay attention to the equally great or even greater economic potentialities of the other islands, particu-

[1] See *Survey for 1925*, vol. ii, pp. 138 *n.*, 141.

[2] There was an enclave of Portuguese territory on the island of Timor.

[3] Later estimates, presented in administrative reports, indicated a total of 51,013,878 for the year 1925.

[4] 36,403,833 according to the estimates for 1925.

[5] 14,610,045 according to the estimates for 1925.

larly Sumatra; and the Dutch Government had divided its Indian Empire into a metropolitan area, consisting of Java and Madura alone, and the Buitengewesten or outer regions—a comprehensive term which covered all the other islands—though, in the political as well as in the economic sphere, there had recently been a tendency to pay greater attention than before to portions, at least, of this peripheral zone. The Buitengewesten were peripheral in every sense of the word. Compared to Java, they were not only under-populated and under-developed but—in large tracts—they had been comparatively free from Government control until the closing years of the nineteenth century; and in 1926 there were still districts in the mountainous north-west of Sumatra where Dutch rule had not yet been firmly consolidated (though, even here, organized revolt on a large scale was a thing of the past). Again, among the native inhabitants of these different territories there were representatives of several types and almost every degree of civilization. In the oldest centres of Dutch settlement in Java, where the natives had been in intimate contact with Western civilization for more than three centuries, the process of Westernization had gone far (though not so far as it had gone, by the same date, in Calcutta or Cairo),[1] while in the less accessible parts of the Buitengewesten there were communities (some of them closely allied to the Javanese in race) which were still living as cannibals or head-hunters.

This cultural contrast between the Javan centre of Indonesia and its periphery had become established long before the Dutch arrived on the scene. Indeed, the Dutch, in making their head-quarters in Java, were simply following a precedent which had been set for them by the Muslims, and for the Muslims by the Hindus. During a span of nearly a thousand years Java had been the head-quarters of Hindu maritime adventurers from continental India who, from this base of operations, had gradually extended the influence of Hindu civiliza-

[1] In Calcutta or Cairo at this time there was a professional class of Indians or Egyptians who had received a Western education, were practising the contemporary Western technique, and were representative of all the principal professions which existed in a modern Western community. In Java, with the exception of the medical profession, such a class was only just beginning to form among the Javanese themselves, though cases of individual Javanese coming to Holland in order to follow a university course had not been infrequent. University education in Netherlands India itself was quite a recent growth. A higher technical school of engineering had been opened at Bandoeng in 1920, the law school at Batavia had been promoted to university rank in 1924, and the medical school at the same place in 1927. Even before this change of title, however, the standard of teaching in the Batavia medical and law schools appears to have been not below the standards then prevailing in the universities of Calcutta and Manila.

tion over the outlying parts of the Indonesian Archipelago between the fifth and the fifteenth century after Christ. As lately as three hundred years before the arrival of the Dutch, it had seemed as though Indonesia would become permanently incorporated in the Hindu world; but in insular, as well as in continental, India, the Muslim had followed at the Hindu's heels; and in India overseas Hinduism had succumbed to the aggressor to a far greater degree than in the mother country. In British India in 1926 the Muslims constituted no more than a minority apprehensive for its future, whereas in Netherlands India Islam by that time had almost driven Hinduism off the field. In Netherlands India in 1926 Hinduism survived only on the little island of Bali, while everywhere else Islam was in the ascendant. In Java and Madura it had become the religion of the land, and in the Buitengewesten it seemed destined to be the sole heir of paganism, from which it was making conquests as rapidly and steadily here as in Tropical Africa.

This Malayan Islam was saturated with Hinduism, and still more perhaps with the primitive religious practices and emotions which Hinduism in insular, as in continental, India had taken up into itself when it took the aboriginal population into its fold. Objectively, there was a great gulf fixed between the Islam of Indonesia and the Islam of the Najd, or again that of Egypt; yet the fact that nearly fifty millions of the native inhabitants of the Dutch, British, and American possessions in Indonesia called themselves and felt themselves Muslims was of considerable international importance at this time. From this standpoint, the amount of the alloy in Malayan Islam was of less account than the degree of the loyalty which Indonesian Muslims felt towards the great society to which they belonged. Their very remoteness from the centre led them to exert themselves in order to keep in touch with it; and in a previous volume[1] it has been recorded how, during the years immediately following the termination of the General War of 1914–18, when Turkey, the hitherto acknowledged leader of the Islamic World, was ceasing to send pilgrims to the Islamic Holy Land, the annual contingent of pilgrims from Netherlands India was becoming the largest and most lucrative of any. It may be noted that the oldest organization of a nationalist complexion in Java was the *Sarīkat Islām*[2] (founded in

[1] *Survey for 1925*, vol. i, p. 289 *n.*

[2] In the title of this society the word 'Islām' was equivalent to 'nation', and did not imply an anti-Christian bias any more than, for example, the title of 'Y.M.C.A.' in Great Britain or America implied an anti-Islamic bias (see *The Times*, 20th December, 1924). The word 'Sarīkat' represented the Arabic 'sharika(t)', properly denoting a partnership or a limited company, but here

1911).[1] Islam, in fact, had become the national religion of the Malays in Netherlands India and in British Malaya, as Catholicism had become their national religion in the Philippines; [2] and the 660,000 native Protestants enumerated in 1914, who were mostly to be found in the Moluccas and in the north-eastern extremity of Celebes,[3] counted for less than the 434,900 Muslims who were to be found in 1921 in the adjoining southern islands of the Philippine Group.[4]

The link between Netherlands India and the central core of the Islamic World was strengthened by the fact that the 876,506 foreign Orientals enumerated in 1920 included a community of Arab traders from the Hadramaut, whose religion and nationality, together with their business ability, gave them a prestige among the native population which was out of proportion to their numbers. The great majority, however, of the foreign Oriental residents in Netherlands India were Chinese; and though these were not regarded by the natives with the same friendly feelings as the Arabs,[5] their numbers and the importance of their rôle in the economic life of the country made the Chinese a much more important factor than the Arabs in the local situation.[6] The presence of these foreign settlers from the opposite extremities of the Asiatic continent illustrates the wide extent of the international connexions of Netherlands India at the time and throws light on the apparently well ascertained activities of Communist propagandists in this quarter during these years.

Moreover, in any survey of foreign influences in Netherlands India at this time, due account must be taken of the Western influence which was flowing in from the Netherlands themselves. While the pilgrims who returned from Mecca retained a great influence over the religious or superstitious elements in the population, they had lost their hold over the majority of the native aristocracy; and this class, together with the increasing class of Western-educated 'intellectuals', formed a rival nucleus of public opinion with its own body of adherents. Indeed, during the past forty years there had been a growing demand among the people of Netherlands India for

used in the non-technical sense of 'society' (which in Arabic itself would be expressed by the word 'Jam'īyah').

[1] See A. J. Barnouw: 'Communist Revolts in Java' (*Current History*, March 1927).

[2] See Section (iii) above.

[3] For these native Christians of Netherlands India, see *A Manual of Netherlands India* (London, 1920, H.M. Stationery Office), pp. 137–9.

[4] See Section (iii) above.

[5] At its inception the *Sarīkat Islām* appears to have been rather anti-Chinese than anti-Western in its alignment (*The Times*, 20th December, 1924).

[6] See Section (v) below for information concerning Chinese immigration into Netherlands India during the period under review.

education on Western lines with a view to acquiring those capacities which appeared, in their eyes, to have been the chief instruments of domination in the hands of foreigners. Some of them looked forward to obtaining a share in the public administration; others regarded intellectual development as a ladder by which they might gradually ascend through self-government to eventual independence; others became inspired with Western revolutionary ideas and accepted the leadership, first of the European Radicals, then of the Socialists (because they promised them more), and finally of the Communists (because they promised them most of all). It may be added that very few of these left-wing 'intellectuals' in Netherlands India became really imbued with Communist doctrines. Most of them regarded 'Communism' primarily as a means of deliverance from a foreign domination which they had come to think of as an oppression, while the Communist propaganda among the lower classes opened up the perspective of the near fulfilment of current eschatological speculations.[1] Thus the disturbances of 1926–7 originated in a movement among the people of Netherlands India themselves; but the people were incited and were provided with a watchword by Russian and Chinese Communists who were pursuing their own ends; and the ground was prepared for this propaganda from outside by certain recent political and economic developments in the country itself. It may be well to touch upon these developments before attempting to give an account of the Communist propaganda and its consequences.

Broadly, the history of Western rule had followed the same lines in Netherlands India as in British India. There, too, an empire had been founded by a chartered trading company and had eventually been taken over by the chartering state; there, too, the empire thus built up consisted partly of territories directly administered by the ruling Power and partly of native states which were bound to the ruling Power by permanent 'unequal treaties'.[2] There was even a rough correspondence in the dates. The authority of the Dutch East India Company had been made effective throughout Java about the middle of the eighteenth century, shortly before the British East India Company acquired the administration of Bengal, and in most other parts of Netherlands India during the course of the nineteenth century. Only the change from Company rule to Royal

[1] Mahdi, Ratu Adil, and so on.

[2] In 1914 there were 350 native states in Netherlands India, four of them (Solo, Jokjakarta, Mangkoenegaran and Pakoealaman) being in Java itself. Of these 350 native states, 330 were bound by the so-called 'Short Declaration' which had been substituted for older treaties towards the end of the nineteenth century (*Admiralty Handbook*, pp. 252–5).

rule had occurred at an earlier date. The Dutch East India Company had been wound up in 1798 and—after an interregnum during the Napoleonic Wars, which was partly filled by the British occupation under the Lieutenant-Governorship of Sir Stamford Raffles—the Dutch Royal Administration had been definitively established in 1818.

On the other hand, there were several differences between the respective situations of Netherlands India and British India which were not without influence upon the course of events during the period under review.

In the first place, Netherlands India had played a relatively greater part in the life of the Netherlands than British India in that of Great Britain[1]—so much so that, from about 1850 to 1880, a difference of view regarding the policy to be pursued in India had been a leading issue in the home politics of the Netherlands themselves.[2] Since the last decade of the nineteenth century there had been a renewal of controversy (though, in this phase, public interest does not seem to have been so effectively aroused) between those persons and interests in the Netherlands who looked upon the political and economic subordination of the colony to the mother country as a satisfactory permanent state of affairs, and those who took the new view (which was simultaneously emerging in the British Empire likewise) that colonial government was 'a sacred trust of civilization' which the governing Power was morally bound to exercise in the best interests of the governed.

The second of these differences between Netherlands India and British India was that in Netherlands India the Eurasians were officially reckoned as Europeans and as such were eligible for the highest public and private employments. The majority of them appear to have been proud of this position—though it must be added that the social standing of the Eurasian community fell so far short of their juridical status that some few Eurasians would apparently have preferred to abandon their embarrassing privileges and merge themselves among the native Orientals.[3]

[1] This must have struck many English people who visited Holland; and the prominence of Netherlands India in Dutch life must have been still more striking to visitors from Germany, Italy, or France (for even France certainly did not rank at this time as a greater colonial Power than the Netherlands).

[2] During those years a liberal policy of free trade and the open door for agricultural and mining enterprise had been in conflict with a conservative policy embodied in the so-called 'culture system' and in the 'heerendienst' or statute labour. These issues had been settled in favour of the liberal policy between about 1880 and 1885.

[3] A petition to be permitted to abandon European status is said to have been presented to the authorities by the Indische Partij some few years before 1927

A third difference was that, in Java and Madura, the institution of native 'regents' had been taken over by the Dutch rulers from their predecessors and had been made into an integral part of the Dutch régime with such modifications as were necessary in order to adapt the institution to a modern Western system of colonial administration. These 'regents' and their native subordinates were appointed, paid and closely controlled by the Dutch authorities, to whom they were responsible, in their respective districts, for native affairs, but at the same time they were invested with some of the traditional external insignia of native rulership, and it was the policy of the Government, when possible, to preserve the native custom of making the office descend from father to son.[1] When the Javanese national movement arose, and still more when Nationalism was followed by Communism, these Javanese 'regents' were exposed to odium as the mercenary agents of a foreign master;[2] and the consequent diminution in their influence over their fellow-countrymen weakened the Dutch administration in proportion to the importance of the administrative functions which they performed.

These special features in the situation of Netherlands India must be borne in mind in any study of the disturbances of 1925 and 1926. Meanwhile, the histories of British India and Netherlands India had continued to run parallel not only in a general way but also in the particular circumstance that, during the General War of 1914–18, the Home Governments of both dependencies had taken the same momentous new departure in policy. The States General at The Hague in 1916, like the Parliament at Westminster in 1917, decided to take the first step in conferring self-government upon their Oriental fellow-subjects by endowing the dependency with the rudiments of a parliamentary system on the Western pattern.

(*The Times*, 2nd September, 1927). This party had a Eurasian leader, though it did not set out to be a purely Eurasian party, but sought to include all who regarded Netherlands India as their native land and who claimed citizenship as Indians (Indiers) irrespective of descent. The membership of the Indische Partij afterwards dwindled owing to the tendency of the Eurasians to join the 'Indo-Europeesch Verbond', a party which disposed in the Volksraad (see below) of 6 seats out of the 30 allotted to Netherlanders.

[1] See *Manual of Netherlands India*, pp. 257–8. It will be seen that the position of these Javanese regents under the Dutch régime was analogous to that of the Bengal Zamīndārs under the British Rāj. In Bengal, however, under the 'Permanent Settlement' of 1793, the British authorities had got rid altogether of the political powers of the Zamīndārs at the cost of an economic settlement in their favour.

[2] *The Times*, 23rd August, 1926. Compare the attitude of the Chinese Nationalists in 1925 and 1926 to the *compradores* and other Chinese satellites of the foreign residents in China.

'Previous to 1918, in which year the "Volksraad" met for the first time, the Netherlands Indies were an anomaly amongst higher grade colonies, in that no representative body existed in which Government affairs could be publicly discussed and Government policy publicly criticized. The absence of such a body was counterbalanced to some extent by the fact that the Parliament of the mother country showed much interest in colonial affairs, and when dealing with the East Indies Budget (which had to be settled by Act of Parliament [1]) devoted several days, and sometimes even as much as three weeks, every year to a discussion of the policy followed by the Government.' . . . 'By an Act of December, 1916, a representative Council was instituted which was given a name borrowed from the history of South Africa—"Volksraad" (literally "People's Council" or "National Council"). It was generally recognized, however, that it would be a long time before the Council became what the name implied.' At the same time, 'when, on May 18, 1918, the Governor-General opened the first sitting of the Volksraad, he declared, in agreement with the Minister for the Colonies, that the ultimate aim of Holland's policy with regard to the East Indies was the setting up of a responsible Government, which, in collaboration with the Volksraad, would be competent to take final decisions on all matters in which the general interests of the realm were not involved'; [2] and the Governor-General himself, Count van Limburg-Stirum, made a pronouncement in favour of acceleration and appointed a commission to report on the question. In 1920 the majority of the Commission reported in favour of virtually complete self-government for Netherlands India; but so sweeping a change did not prove acceptable at The Hague; and a modification which fell far short of this, though it represented a considerable advance upon the law of 1916, was eventually introduced—partly in certain provisions of the Netherlands Constitution as revised in 1922 and partly in a special *Indische Staatsregeling* which was passed by the Second Chamber at The Hague on the 6th March, 1925, and by the First Chamber on the 11th June of the same year.[3]

The revised Constitution of the Netherlands increased the auto-

[1] In accordance with an Act passed by the States General in 1863 (*The Times*, 30th December, 1924).

[2] Professor E. Moresco, late Vice-President of the Council of Netherlands India, 'The New Constitution of the Netherlands Indies' (*The Asiatic Review*, April 1927).

[3] For details see Moresco, *loc. cit.*, and W. H. van Helsdingen, Adj.-Secretaris bij den Volksraad, *De Volksraad en de Indische Staatsregeling* (Weltevreden, 1926, Visser).

nomy of the Government of Netherlands India by laying down (Arts. 60–2) that the administration should be exercised by the Governor-General in the King's name except in so far as specific functions might have been reserved to the Crown by the Constitution or by the law; though afterwards, in an amendment to the *Indische Staatsregeling* of 1925, it was stipulated that the Governor-General should observe the King's 'directions' (*aanwijzingen*). On the other hand, the legislative power formerly exercised by the Governor-General in Council was transferred to the Governor-General and Volksraad in respect of all internal affairs of Netherlands India. The internal autonomy of the dependency, however, was still very far from complete, since the Parliament at The Hague reserved to itself the power of direct legislation in regard to Netherlands India as well as the right to ratify the Budget and to annul ordinances passed at Batavia under the Regeling of 1925, even when these were not contrary to the Constitution and solely concerned the internal affairs of the dependency.

When the Volksraad was not sitting, its work was to be carried on by a salaried Board of Delegates, twenty strong, which was to be elected by the Volksraad at its first sitting and was to sit continuously during the whole session.

As regarded the composition of the Volksraad, the law of 1916 had provided for a Speaker (to be appointed by the Crown) and for at least 38 other members, with a majority of Europeans over natives and a parity of numbers between members elected and members nominated. In 1920 the number of members, in addition to the Speaker, was raised to 48. The Regeling of 1925 raised the total number of members (including the Speaker appointed by the Crown) from 49 to 61, of whom 38 were thenceforward to be elected and only 22 nominated; but it did not alter the proportion between Europeans and natives—the resulting composition of the Volksraad being as follows: [1]

Class	*Elected*	*Nominated*
25 Netherlands subjects, not being Netherlanders, of native descent	20	5
At least 30 Netherlanders	15	15
,, ,, 3 Netherlands subjects, not being Netherlanders, of foreign descent [2]	3	—
2 members who might be either Netherlanders or Netherlands subjects of foreign descent [3]	—	2

[1] van Helsdingen, *op. cit.*, p. 105.

[2] This category would cover not only Orientals of foreign descent (e.g. Chinese or Arabs) but persons of European or American descent who were Netherlands subjects.

[3] In fact these two seats were both filled by Chinese.

The elective members were to be elected by the local councils, the representatives of each community voting separately. Nominated members were invested with the same rights as elected members. Officials were not disqualified for membership of either kind, and, if elected or appointed to the Volksraad, were not expected necessarily to support a governmental policy. The Government might declare certain official posts incompatible with membership of the Volksraad, but that was not to preclude an incumbent of one of these posts from serving, for it was provided that, if elected or appointed to the Volksraad, he was to be relieved temporarily of his official functions without ceasing to draw his full salary and emoluments.

Dutch statesmen in dealing with Netherlands India, like British statesmen in dealing with British India, and in contrast to American statesmen in dealing with the Philippines, were fully alive to the necessity of providing against constitutional deadlocks between the executive and the legislature under a transitional régime when the people of a dependency were being gradually invested with powers of self-government on parliamentary lines.[1] It was provided, in the event of disagreement between the Volksraad and the Governor-General, that in financial matters the final decision should lie with the States General at The Hague, and in legislation with the Crown.[2]

Although the Dutch Minister for the Colonies declared in July 1926 that he would refrain from bringing forward new proposals for reforms, it was evident that the Regeling of 1925 was no more definitive than the law of 1916, and that the next step to be advocated would be a reduction of the number of Netherlanders in the Volksraad. The draft of the Constitution of 1925, including the schedule for the distribution of seats, had been discussed in the old Volksraad in 1922 and 1923; and the draft schedule (as drafted by Governor-General Fock and approved by the Ministers) had given half the seats (i.e. 30 out of 60) to the natives and the other half to the Netherlanders and others together. This draft schedule had been embodied in the Bill presented to the Second Chamber of the States General in 1923, and the old ratio (with the absolute figures recorded above) had only been restored by an amendment passed in the Chamber in February 1925. At this point, however, before a Volksraad constituted under the new Regeling in its initial form had yet assembled, the process of constitutional development was interrupted by disturbances of public order.

[1] For the difficulties produced in the Philippines by neglect of this constitutional problem, see Section (iii) above.

[2] Moresco, *loc. cit.*, pp. 222–3.

These disturbances were the cumulative effect of several causes.[1]

One deep underlying cause was economic change.[2] Under Dutch rule, Java had come to rank with Japan and China as one of the most densely populated agricultural countries in the world; and although the Dutch authorities in Netherlands India, like the Japanese Government and like the American authorities in the Philippines, did their best to encourage a movement of internal colonization from the congested centre to the less crowded islands on the outskirts, this was on so small a scale by comparison with the total numbers of the population that, like the Japanese internal migration from the Main Island to Hokkaido or the Chinese from Shantung and Chihli to Manchuria, it made no appreciable contribution to the solution of the problem; and in Java 'the average area of arable land at the disposal of the peasants' was 'in many districts too small to form a solid basis for prosperity'.[3] In Netherlands India, however, this problem was not so acute as it was in China or Japan, owing to the increased and still increasing capacity of the country to support a growing population by extending native cultivation over newly irrigated areas and helping to supply the rising demand of the international market for tropical products.[4] Moreover, the economic

[1] For the disturbances of 1926–7 and their causes see (i) *Officieel Rapport der Nederlandsch-Indische Regeering over de Communistische Woelingen in November 1926* (Bijlage van *Ik Zal Handhaven*, Mei 1927); (ii) Tjipto Mangoenkoesoemo, *Het Communisme in Indonesië, naar aanleiding van de relletjes* (Bandoeng, 1926, Indonesia Moeda) [a moderate view by a Javanese observer]; (iii) Dr. D. J. Hulshoff Pol, Sr., *De Strijd tegen het Communisme in Nederlandsch-Indië en het gewijzigte Regeeringsreglement* (Haarlem, 1925, Tjeenk Willink) [moderate view by a Dutch observer]; (iv) A. J. Barnouw, 'Communist Revolts in Java' (*Current History*, March 1927); (v) A. J. Lievegoed, 'The Recent Communist disturbances in the Netherlands Indies and their Significance' (*The Asiatic Review*, July 1927).

[2] See G. Gonggrijp, 'The Economic Position of the Indigenous Population of Netherlands India' (*The Asiatic Review*, January 1927). For the survival in Netherlands India of the practices of the pledging of the person and the inclusion of a penal sanction in labour contracts, see a debate, on the 18th October, 1927, in the Second Chamber of the States General at The Hague as reported in *Industrial and Labour Information*, vol. xxiv, No. 11, p. 338.

[3] Gonggrijp, *op. cit.*

[4] By the close of the first quarter of the twentieth century the tropical colonies and dependencies of the European Powers, and the independent tropical countries in Central and South America, seemed on the road towards recovering the economic prosperity which they had enjoyed from their first discovery by Europeans down to about 1825. In the first stage of the Industrial Revolution tropical products had played little part, and the Indies had decayed while the economic energies of Western Society had gravitated round the coal and iron fields of the temperate zones. Since the beginning of the twentieth century, however, the tropics had been benefiting by the increasing employment of rubber, vegetable oils, and other tropical products in the processes of Western industry. Netherlands India, like British Malaya,

development of Java and parts of Sumatra was already in transition from the purely agricultural to the partly industrial stage. Instead of being wholly exported to Europe or to the United States, the produce of the Javan and Sumatran plantations was beginning to be worked up in local factories; and this economic change was having two social effects. On the one hand, it was attracting larger streams of Dutch and other foreign capital into the country and so giving foreign interests a greater stake in its destinies. On the other hand, it was bringing into existence a new native community of industrial workers who offered a favourable field for subversive propaganda, partly because they had been uprooted from a traditional agricultural life which their ancestors had been living for many generations, and partly because of certain positive hardships which they suffered under the new conditions.

While the local progress of industrialism brought prosperity to the country at large, 'the natives' share in this prosperity was a modest one. Most of the profits made naturally left the country. Wages continued at a low level. . . . For an economically backward population, increased commercial intercourse offered more opportunities for contracting debts. . . . The greater development of the sources of prosperity was repeatedly neutralized by the steady growth of population . . .'; and 'in 1914 . . . the position of the peasants contrasted very unfavourably with that of other classes of the population to which the Government desired to raise it'.[1]

This economic pressure upon the native population was increased by the effects of the War of 1914–18. In Java, as in Japan, an industry in its infancy had been temporarily stimulated by the abnormal condition of the international market, and had then suffered from the inevitable reaction more severely, perhaps, than would have happened in a country whose economic life was older and more stable. In particular, there had been a serious inflation of the currency; and though this was successfully overcome by Mr. D. Fock, who succeeded Count van Limburg-Stirum as Governor-General in March 1921, the measures which he took were so drastic, and in some cases bore so hardly upon individuals, that the salutary treatment of a public evil appears to have left a widespread sense of personal grievance behind.[2] One measure—that is, the increase of taxation—bore hardly upon the natives in general, who were called

was fortunate in being rich in minerals as well as in the agricultural products of the tropical zone.

[1] These quotations are from Gonggrijp, *loc. cit.*

[2] On this point see Tjipto Mangoenkoesoemo, *op. cit.*, pp. 19–21.

upon to pay a higher land-tax and a higher poll-tax (taxes which were somewhat inelastic in their basis of assessment and unevenly distributed in their incidence) at a moment when their real income was lower than before.

> Whilst, in the various countries of Europe, the worker has succeeded in improving his position by an increase in wages proportionate to the cost of living, such has not been the case in the Dutch East Indies, at least, not in such a measure as to prevent workers from suffering in consequence. Being uneducated, inadequately organized, and, even when organized, under inefficient leadership, they found that their wages, as a general rule, in the war and post-war years, remained behind the index figure.[1]

Other causes of unrest were political in origin; for Netherlands India, owing to its central geographical position and widely ramifying international relations, was sensitive to that general political movement of reaction against Western ascendancy which had declared itself in Japan, China, and British India before 1914 and had become greatly accentuated during the General War.[2] The educated Javanese had been impressed by the victory of Japan in the Russo-Japanese War of 1904–5 and still more, perhaps, by the temporary, but nevertheless significant, incursion of the Japanese into the economic life of Netherlands India during the War of 1914–18. Again, after the restoration of peace in 1918, the educated Javanese had been further excited by the Non-Co-operation Movement in British India and by the rise of the Kuomintang on the southern littoral of China (the nearest part of China to Netherlands India, and the part from which the Chinese settlers in Netherlands India had mostly come), before the Third International began to include Java in the field of its activities. Above all, the Javanese, as self-conscious Muslims, had been excited by the new ferment in the Islamic World.

The first symptom of this excitation in Java was the rise of *Sarīkat Islām*. It has been mentioned already that this society had been founded—with an anti-Chinese rather than an anti-Dutch bias—in 1911. In 1915 the Dutch authorities in Netherlands India removed the ban upon societies or assemblies of a political nature which had previously been in force; and in 1916 *Sarīkat Islām* was able to hold its first public national congress. On this occasion its demands appear to have been couched in non-militant language, but the second congress, held next year, is stated to have been not only militant in tone but already Communist in its catchwords.[3] Semaoen, the pioneer of Communism among the Javanese, appears to have

[1] Gonggrijp, *loc. cit.* [2] See *Survey for 1925*, vol. i.
[3] For the successive phases of *Sarīkat Islām* see Barnouw, *loc. cit.*

been originally converted by Mr. Sneevliet, a Dutch Communist resident in Java whom the Dutch authorities afterwards deported from Netherlands India to the mother country; but after the Bolshevik Revolution in Russia the Javanese Communists appear to have established direct relations with Moscow.[1] At first, Semaoen sought to work through *Sarīkat Islām*, which in 1917 declared war against 'vicious capitalism'; but he soon came into conflict with the vested interests of the Javanese Hajjis and the Hadramautī merchants, who were the traditional leaders of the local Islamic community, and also with the vested interests of the well-to-do natives. Accordingly, in 1920 he founded at Semarang the P.K.I. (Party of the Communists of India), a challenge to which *Sarīkat Islām* replied, at its sixth congress held in October 1921 at Soerabaia, by passing a resolution forbidding its members to belong to any other political party.[2]

Notwithstanding this breach with the traditional leaders of Islam in Java, Semaoen and his associates made progress. While a secret terrorist organization appears to have been established within the bosom of the P.K.I.,[3] an attempt was made to capture the allegiance of the masses from *Sarīkat Islām* by founding a rival *Sarīkat Ra'yat Merah* (Red Proletariat League)[4] as a subsidiary organization to the P.K.I. itself. There was also founded at Soerabaia a Red Trade Union Secretariat for Indonesia (*Secretariaat Vakbonden Merah Indonesia*) which was apparently affiliated, through a Secretariat of the same organization at Canton, with the head-quarters of the Red Trade Union International at Moscow.[5] The seventeenth point in the resolution adopted by the Fifth World Congress of the Third (Communist) International which was held at Moscow on the 17th June–8th July, 1924,[6] directed the executive to promote revolutionary movements among Oriental subject peoples; and from this time onwards the movement in Java seems to have received markedly stronger support and stimulation from the centre. Meanwhile, during the latter half of June 1924, two Javanese delegates had attended the 'First Congress of Transport Workers of the Pacific Region' at Canton,[7] and thereafter the local plan of campaign seems

[1] See, for example, the intercepted letter from Semaoen to the Third (Communist) International, quoted in *Officieel Rapport*, p. 4.

[2] Barnouw, *loc. cit.*

[3] *Officieel Rapport*, pp. 1 and 4.

[4] *The Times*, 2nd September, 1927; Barnouw, *loc. cit.*

[5] *Officieel Rapport*, p. 3. Local branches appear to have been founded at Shanghai and Manila as well as at Soerabaia.

[6] See *Survey for 1924*, p. 191.

[7] *Officieel Rapport*, p. 2; Barnouw, *loc. cit.*

to have been worked out at two conferences of the P.K.I. which were held, during December 1924, at Djokja and Soerabaia.[1] By that time, in Netherlands India as a whole, the P.K.I. was reported to have possessed 36 sections with a total membership of 1,140 persons and the *Sarīkat Ra'yat* 310 branches with a total membership of 31,124 persons.[2]

After the ground had been thus prepared, the Communist campaign in Java was opened, in the year 1925, in the industrial field[3]—the tactics being remarkably similar to those employed in the following year by the Left Wing of the Kuomintang in the treaty ports of the Yangtse Valley.[4] Existing trade unions were consolidated, new unions were founded, and from August 1925 onwards a series of strikes were executed, culminating in November and December in a strike of the metal-workers and the Dry Dock Company's employees at Soerabaia. A general strike also seems to have been contemplated, and indeed to have been definitely discussed, at a secret meeting of trade-union delegates which was held on the 5th August, 1925, at Semarang.[5]

Towards the end of 1925 a Communist Conference which met at Solo was reported to have passed a resolution in favour of precipitating disorders which were to begin at Padang on the west coast of Sumatra and to spread thence to Java; but this resolution seems to have been opposed by one faction as premature on the ground that revolution could only be carried through by mass action and that in Java the masses were not yet ready to act.[6] The first ten months of the year 1926 were marked by sporadic acts of violence;[7] and it was not till November and December—about two months after Mr. Fock had been succeeded as Governor-General by Jonkheer A. C. D. de Graeff[8]—that any widespread disturbances occurred.[9]

On the night of the 12th–13th November, 1926, there were simultaneous outbreaks, evidently concerted beforehand, at a number of points, especially in Western Java (e.g. at Batavia, at Tangerang, in Bantam and in Eastern and Central Priangan), as well as less serious disorders (principally along the mountainous west coast of

[1] *Officieel Rapport, loc. cit.*
[2] *Op. cit.*, p. 7.
[3] *Op. cit.*, pp. 2–3.
[4] See Part III A, Section (xii) (*e*) above.
[5] *Officieel Rapport*, p. 3.
[6] *Op. cit.*, p. 5.
[7] List in *op. cit.*, p. 4.
[8] Jonkheer de Graeff arrived in Java during the first week in September 1926 (*The Times*, 8th September, 1926). Like Mr. Fock's predecessor, Count van Limburg-Stirum, Jonkheer de Graeff was in favour of considerable concessions to the native demand for self-government.
[9] For a general account of these disturbances see *The Times*, 22nd September, 1927.

Sumatra and also at Soerakarta, in Central Java) or abortive preparations therefor (as at Pekalongan, on the north coast of Java, and at Banjoemas, near the south coast in the same sector of the island). At Batavia the rioters seized the telegraph office and held it for a few hours.[1] At Laboean (also in Western Java) there was a serious encounter between 500 Communists and a Dutch military force.[2] By the 17th, however, the situation was reported to be under control. Large numbers of suspects, including the entire executive committee of the P.K.I. at Bandoeng, had already been arrested;[3] in the Bantam district in Western Java the Communist bands were in retreat; and it was only in Central Java that they were still putting up any show of resistance to the authorities.[4]

This Javan outbreak of November 1926 was followed at the beginning of January 1927 by a second outbreak, this time in Western Sumatra—the places chiefly affected being Sawahloento, in the mountainous hinterland of Padang, and Siloengkang. This outbreak was suppressed within about ten days.[5]

Finally, a third outbreak was timed to begin simultaneously at a number of points in Java on the night of the 17th–18th July, 1927; but the authorities obtained information of what was on foot on the 16th and so had time to take such effective precautionary measures that the conspirators refrained from attempting to carry out their plans.[6]

In the Netherlands, in June 1927, four houses, one at Leiden and three at The Hague, which were occupied by Indonesian students of Leiden University, were searched by the police, who seized a number of documents and placed one student under arrest.[7] At Bandoeng, in Java, on the 15th July, nine Javanese were arrested on the charge of spreading Communist propaganda in the army—a charge on which ten soldiers had already been arrested a few days before.[8] The documents seized at Leiden and The Hague in June apparently afforded evidence of relations between the students implicated and the Javanese Communist leader Semaoen, who was at this time living in Moscow,[9] and on the night of the 22nd September further

[1] *The Times*, 15th November, 1926.
[2] *Ibid.*, 17th November, 1926.
[3] By the 21st November, 1926, there had been 200 arrests at Soerakarta alone (*ibid.*, 22nd November, 1926).
[4] *Ibid.*, 18th and 19th November, 1926.
[5] *Ibid.*, 4th, 5th, 6th, 10th, and 14th January, 1927.
[6] See the *Nieuwe Rotterdamsche Courant*, 25th September, 1927.
[7] *The Times* and *Le Temps*, 13th June, 1927.
[8] *The Times*, 18th July, 1927.
[9] *Ibid.*, 21st July, 1927.

searches of houses and arrests of Indonesian students were made at Leiden, The Hague, and Amsterdam.[1]

By the autumn of 1927 it seemed as though, for the moment, the Communist agitation in Netherlands India had subsided; but the Dutch authorities were not content with the negative achievement of having parried the three attempted coups of November, January, and July. This repeated organization of carefully-planned and widely-extending revolutionary operations indicated that the conspirators were able to count at least upon the connivance of a large part of the native population. Between the date of the P.K.I. Conference at Djokja in December 1924 and the spring of 1926 the number of sections affiliated to that society had risen from 36 to 65[2]—a growth which indicated that the leaders had succeeded in strengthening very considerably the disciplined core of their organization. As for the passive support of the masses, it remained doubtful how far it was inspired by sympathy for the cause and how far by pressure and even terrorism. On this point the Government of Netherlands India published the following observations:[3]

> One thing and another affords a clear proof of the fact that in the East, in contrast to the West, a small core of well-disciplined Communists is able—through good organization and false catchwords and promises (for example, by holding out expectations of freedom from taxes and statute labour (heerendienst), redistribution of private property, and so on)—to create such a state of discontent (among members of trades unions as well as other people) as to lead to spontaneous explosions and active mass-opposition to the established order. This has been proved by experience several times over already. To this end, no methods of terrorism, such as threats and physical violence, are spared in order to compel the population to join in.

The task with which the Dutch authorities in Netherlands India were confronted was to put a stop to the terrorization of the masses by the Communists and then to win the sympathy of the masses to the Government's side by continuing to carry out the liberal policy to which the mother country had committed herself in 1916.

In his inaugural address in September 1926 the new Governor-General, Jonkheer de Graeff, had intimated that he intended to pursue a policy of liberalism while putting down any disorders with a firm hand;[4] and the disturbances which broke out during his first year of office did not deflect him from fulfilling the first as well as the second point in his programme. On the one hand, the punish-

[1] *The Times* and *The Manchester Guardian*, 24th September, 1927.
[2] *Officieel Rapport*, p. 7. [3] *Op. cit., loc. cit.*
[4] See *The Times*, 8th September and 15th November, 1926; the *Frankfurter Zeitung*, 9th December, 1926.

ment inflicted upon the Communist leaders was severe. By August 1927 three prisoners had been condemned to death, one to imprisonment for life, and another to imprisonment for twenty years, while hundreds of the several thousand persons under arrest were being condemned in batches to deportation to New Guinea.[1] On the other hand, a session of the Volksraad was opened on the 17th May, 1927;[2] and in his opening speech Jonkheer de Graeff announced that the Volksraad would be consulted regarding a modification of the Constitution with a view to bringing its composition into accord with the original proposal whereby half the seats were to be given to natives. Before the end of the year Jonkheer de Graeff did in fact propose the transfer of five of the nominated seats from Netherlanders to native Orientals—a measure which would give the native Orientals, with 30 members in all, a majority over the Netherlanders, who would be reduced to a maximum of 27 and a minimum of 25, the balance of the total membership of 60 being made up, as before, by representatives of Netherlands subjects of foreign descent. The revival of this project excited vehement opposition among the Netherlanders in India and among those who shared their outlook at home, in view of the recent disturbances; but for the people of Netherlands India themselves it was at least a token that the Government's professions of liberalism were not insincere.

(v) Chinese Immigration into Tropical Territories in the Pacific Area.

In the earliest age of Chinese history of which there was a trustworthy record, the Chinese people was already expanding in all directions from its home in the basin of the Yellow River; and from that time onwards the process had never been permanently arrested. Chinese colonists showed themselves equally ready to migrate overland (across the mountains of what eventually became Southern China or across the steppes and deserts of Central Asia) and oversea (whether across the narrow seas of Indonesia or across the vast spaces of the Pacific), and also equally capable of adjusting themselves to every climate, from the sub-arctic regions to the tropics, into which this great movement of expansion happened to carry them.[3] The move-

[1] *The Times*, 22nd September, 1927.

[2] The *Frankfurter Zeitung*, 19th May, 1927, where details of the composition of this Volksraad will be found. Dutch 'Big Business' in Netherlands India was reported to have obtained 6 out of the 30 seats allotted to Netherlanders.

[3] For the general movement of emigration from China, see an interesting article entitled 'Chinesische Kolonisation' by Adolf Reichwein in the *Frankfurter Zeitung*, 16th August, 1927.

ment seemed to be independent of political vicissitudes in China itself; or, if any correlation could be traced, it would seem that the intermittent bouts of disunion and disorder into which China was apt to fall acted not as checks but rather as stimulants to the expansion of the Chinese people. At any rate, such was apparently the effect of the particular bout which began with the Chinese Revolution of 1911.

During the sixteen years ending in 1926 the overland stream of Chinese migration was doing far more, in an unobtrusive way, to settle the ultimate destiny of Eastern Inner Mongolia and Manchuria than those diplomatic controversies over railway construction between Russia and Japan which at that time constituted 'the Manchurian Question' in the eyes of the world.[1] During the same years the stream of Chinese migration oversea was flowing with equal force into the Indonesian territories inhabited by Malays and governed or controlled politically by the United States, Great Britain and the Netherlands, and also into French Indo-China, Siam and Burma.

In this area the policy of the local Western Administrations towards Chinese immigration was the antithesis of the policy in force in the United States, Canada, Australia and New Zealand. In those still thinly populated countries of temperate climate in which young nations of Western origin had established themselves, the energy, efficiency and adaptability of the Chinese immigrant had caused him to be feared as a formidable competitor for the ultimate possession of the land; and therefore in those countries the increase of the Chinese element had been brought to an end by more or less drastic restrictive measures.[2] In Indonesia and Indo-China, on the other hand, where a tropical climate and the presence of native populations (in some parts highly civilized and closely settled) combined to preclude anything in the nature of wholesale settlement by Western colonists, the Chinese immigrant was regarded in quite a different light by the Western administrators, merchants, planters and mine-owners, whose ambitions were necessarily limited to controlling the political life of these countries and profiting by their economic development. Here the virtues of the Chinese immigrant commended him as a valuable collaborator in a task which afforded room for Westerners and Chinese to work side by side; and accordingly Chinese immigration was actively encouraged by Western Governments in Indonesia at a time when other Western Govern-

[1] See *Survey for 1925*, vol. ii, Part III, Section (v).
[2] See *Survey for 1924*, Part I B, Section (vi).

ments in the South Seas and in North America were exerting themselves to keep the Chinese out.

The size and importance of the Chinese community in the Philippines are noticed elsewhere in this volume [1] and need not be referred to further in this place; but it may be of interest to consider the increase of the Chinese element in British Malaya and Netherlands India—the two political units between which the rest of Indonesia was divided. Here, as in the Philippines, the Chinese had been in the field before the Westerners arrived; but the incentives for Chinese immigration had been much increased by the effects of such Western activities as the enforcement of law and order, the development of mines and plantations, and the establishment of steamship lines between the south coast of China and the principal Indonesian ports. The incentive became particularly strong during the years immediately following the termination of the General War of 1914–18, when the disorder in Southern China was on the increase while the economic development of Indonesia was advancing so rapidly that the demand for labour could not be met without bringing in 'manpower' from abroad in large quantities.[2] The immigration into British Malaya was greater, absolutely as well as relatively, than the immigration into Netherlands India.[3] Indeed, by 1926 British Malaya —as the meeting-point of the streams of migration from China and British India, the two greatest reservoirs of population in Asia—had become one of the principal 'countries of immigration' in the world.[4]

[1] Section (iii) above.

[2] See *Malayan Trade Annual*, 1926, and *A Commercial Handbook of the Netherlands East Indies*, 1927, both by P. C. Coote (London, Sampson Low).

[3] In spite of the relatively small area of British Malaya, the field for economic expansion there was very great. Even in 1927 it was estimated that 70 per cent. of the total area of the Malay Peninsula was still virgin jungle (*The Times*, 1st June, 1927).

[4] It was difficult, of course, to tell whether the great increase in Chinese immigration into British Malaya since the termination of the Great War of 1914–18 was a temporary or a permanent phenomenon. The bulk of the immigrants were undoubtedly driven from China to Malaya by economic necessity, and came with the intention, not of settling definitely abroad, but of sending home remittances for the support of their families in China and eventually saving enough money to buy land in their native village and then retiring there, so that their bones might be laid to rest with those of their ancestors. The officials of the Chinese Department in British Malaya apparently estimated the average length of residence of the Chinese immigrant population at about seven years; but this figure was conjectural; and there had always been a minority who found that the benefits of law and order and the security of person and property appealed to them more strongly than the call of their ancestral homes, and who consequently decided to settle permanently in British Malaya as their adopted country. The proportion

According to the census of 1921, the total population of British Malaya (including the Unfederated and the Federated Malay States as well as the Straits Settlements) was made up as follows:

Malays . . .	1,651,051
Chinese . . .	1,174,777
Indians . . .	471,666
Europeans . .	14,954
Eurasians . . .	12,645
Others . . .	32,961
Total population .	3,358,054

This total of 3,358,054 in 1921, as compared with 2,672,754 in 1911, represented an increase of 685,000 or 25·6 per cent. in ten years; and the main factor in this increase had been, not a local excess of births over deaths, but immigration. Indeed, recorded deaths had been considerably in excess of recorded births, during that decade, in the Straits Settlements, Federated Malay States and Johore, which contained between them about three-quarters of the total population, so that, according to the official figures, instead of an increase of over 25 per cent. there would have been an actual decline in the population of British Malaya if the factor of immigration had not been at work.[1] In 1925 the total net addition, by immigration, to the population of British Malaya was estimated to have been

of these permanent settlers to the total number of Chinese immigrants into British Malaya had been steadily increasing; and the growing prosperity of the country (due to the growing demand for tropical products in the industrial countries of the temperate zones) made it probable that this increase would continue.

[1] R. L. German, *Handbook to British Malaya*, 1926 (London, 1926, Malay States Information Agency), pp. 34–5. These statistics might appear to reflect upon the public health authorities in British Malaya, if the following facts were not taken into consideration:

(i) A high rate of mortality was to be expected in a population which, like that of British Malaya, contained such a high proportion of immigrants who had been driven thither by economic necessity after having suffered from under-feeding, if not actual starvation, at home.

(ii) This high proportion of immigrants would also tend to depress the birth-rate owing to the great disparity in the numbers of the sexes among the immigrants. (By the year 1927 the sex-ratio among the Chinese as well as the British Indian immigrants into British Malaya appeared to be improving.)

(iii) The results given by a comparison of the official statistics of births and deaths were not conclusive, since the registration of births was incomplete (the law not being rigorously enforced upon the poorer immigrants who omitted to comply with it through ignorance), whereas a death certificate had always to be obtained before a deceased person could be buried.

about 150,000, in 1926 300,000,[1] and during the first half of 1927 161,756, as against 133,305 during the corresponding part of 1926.[2]

The migration from British India to British Malaya and to other parts of the British Empire was an inter-Imperial affair, and, as such, it falls outside the scope of this *Survey*.[3]

As for the Chinese in British Malaya, by 1926 they formed—except in Kelantan and Trengganu—the bulk of the trading, shopkeeping, and labouring classes and were the predominating element in the towns. In the Straits Settlements they were nearly twice as numerous as any other element; and in the Federated Malay States, where the labour in mines was practically all Chinese, they were almost equal in numbers to the Malays.[4] The best educated, wealthiest, and most intelligent members of this Chinese community were the Straits-born Chinese; and many Straits-born Chinese families had been in the country for several generations—since the foundation of the Straits Settlements in 1819–24, and in certain ports (e.g. Malacca) even earlier. Some of these old-established families had taken advantage of the security provided by British rule in order to build up their fortunes; [5] but, since the usual stimulus of Chinese emigration had been political turmoil or economic distress at home, the majority of Chinese immigrants into British Malaya had originally arrived in the country without resources. Indeed, a substantial minority of the immigrants had only been able to finance their passages by selling their labour in advance to compatriots who disposed of it at a profit upon the arrival of the immigrants at their destination. This coolie-traffic on the 'credit-ticket' system [6] was subject to serious abuses; and the British Government, after attempting to regulate it from 1877 to 1914, eventually abolished it in the latter year throughout British Malaya with the exception of Kelantan, and finally in Kelantan also as from the 30th June, 1916. Meanwhile, from the passage of the Ordinance of the 23rd March, 1877, onwards, the British Administration had gradually built up an official organization, in the several component parts of British Malaya, for dealing

[1] Straits Settlements: *Annual Report on the work of the Statistical Office during the year 1926*, p. 2.

[2] *Annual Address of the Governor of the Straits Settlements to the Legislative Council*, 1927.

[3] See *Indian Emigration* by 'Emigrant' (London, 1924, Milford).

[4] R. L. German, *Handbook to British Malaya*, 1926 (London, 1926, Malay States Information Agency), p. 35.

[5] See Song Ong Siang, *One Hundred Years' History of the Chinese in Singapore* (London, 1923, King).

[6] See P. C. Campbell, *Chinese Coolie Emigration to Countries within the British Empire* (London, 1923, King).

with Chinese affairs; and solicitude for the welfare of the Chinese element in the country was shown in such legislation as the Federated Malay States Enactment No. 18 of 1923 to consolidate and amend the law relating to Labour, in which two chapters were devoted to special provisions relating to Chinese immigrants and to Indian immigrants respectively.

The fact that the coolie-traffic had just been abolished makes the increase in the volume of Chinese immigration into British Malaya during the years immediately following the termination of the General War an even more remarkable phenomenon than it would otherwise have been. The net increase of the Chinese population in British Malaya through immigration, by the excess of arrivals[1] over departures during the years 1923 to 1926, will appear from the following table:

Year	*Arrivals*	*Departures*	*Net Immigration*
1923	92,765	35,867	56,898
1924	98,735	38,803	59,932
1925	105,268	14,153	91,115
1926	221,011	49,468	171,543

The following observations were made by the Secretary for Chinese Affairs, Straits Settlements, in his annual report for the year 1926:

> This increase is due both to the continued prosperity of the tin and rubber industries in Malaya and the consequent demand for skilled and unskilled labour and to the unsettled condition prevailing throughout the year in South China. These figures constitute a record, and the result is the more surprising when it is remembered that during the greater part of the year the anti-British boycott in South China remained in full force. From Hong Kong, where intending immigrants from Canton and from the districts of the Kwong-tung [Kwangtung] and Kwong-sai [Kwangsi] provinces along the West River usually collect for embarkation, the numbers of immigrants at the beginning of the year were small and limited to those who made the journey to Hong Kong by other than the usual direct routes from Canton and other places of departure. Later on in the year large numbers of immigrants from inland districts reached Hong Kong by way of Kwang-chow-wan. Since the lifting of the boycott the numbers arriving from Hong Kong have been abnormally large. From Swatow, where the boycott continued to be maintained till the beginning of November, the number of immigrants was 12,790—the lowest figure on record. Hoihow, from which emigration was not affected during 1925, came under the influence of the Canton Government early in the year and from February till the end of June emigration to Malaya was prohibited. After June emigrants were permitted to leave the port in non-British ships only. Amoy continued unaffected throughout the year and from this port

[1] That is, of Chinese who not only arrived in Colony ports but who remained in British Malaya and did not pass on to Netherlands India or other countries.

there arrived in Singapore the unprecedented number of 225,834 immigrants, many of them being Chinese from the districts behind Swatow who had reached Amoy by coasting steamer.

The Controller of Labour, Malaya, in his annual report for 1926 on the Labour Department of the Federated Malay States, observed [1] that while there had been a shortage of Chinese labour at the beginning of the year, the supply at the end of the year at least equalled the demand, but that this large increase in the labour force did not bring about any noticeable decrease in wages.

While the majority of the Chinese community in British Malaya—especially the Straits-born Chinese who were well-to-do—were law-abiding citizens, the fondness of the Chinese for secret or semi-secret organizations sometimes gave the British authorities cause for anxiety. In addition to the lawful societies, which fell into the two categories of those required to register and those exempted from registration, there were a number of unlawful Chinese societies which were now and then the occasion of disorders—usually committed in the prosecution of inter-Chinese feuds.[2] The political upheavals in China during these years also had their repercussions among the Chinese in British Malaya—the more so, inasmuch as the majority of the immigrants were drawn from the south and south-east coast provinces, in which the Kuomintang Party had obtained its strongest hold. On the whole, the relations between Chinese and British in Malaya in 1925 and 1926 presented a happy contrast to the relations between the same two peoples in China during the same two years; but trouble arose in 1927. For example, in Singapore, on the 12th March, 1927, when the anniversary of Sun Yat-sen's death was being celebrated by the local Chinese community, a procession of Chinese school-children came into collision with the police, who were attempting to regulate the traffic, and this led to assaults upon a police-station by a Chinese crowd. In repelling these assaults the police fired, killing six Chinese and injuring seventeen, while there were several persons injured in the police force—among them, the British inspector.[3] Towards the end of the month the Singapore Chinese showed their resentment in a boycott of the tramways, accompanied by attacks on tram-cars and encounters with police. Happily, on

[1] *Report*, p. 11.

[2] See the *Annual Report* of the Secretary for Chinese Affairs, Straits Settlements, for the year 1926, pp. 2–3.

[3] For this 'shooting incident', see *The Times*, 14th, 18th, and 19th March, 1927, and also a statement in the House of Commons at Westminster on the 14th March, 1927, by the Colonial Secretary in answer to a parliamentary question. In this statement Mr. Amery said that 7 Chinese had been killed and 14 wounded.

these occasions there was no loss of life; and the untoward consequences of this 'shooting incident' at Singapore upon Sino-British relations in Malaya were small by comparison with the consequences, in China and at Hongkong, of the Shanghai and Shameen shooting incidents of 1925.[1]

Nevertheless, these disturbances led the Administration to draft an 'Ordinance to restrict, in certain circumstances, the immigration of labourers into the Colony [of the Straits Settlements and into the Malay States under British protection] and to provide for the removal of prohibited immigrant labourers'. In this draft Ordinance it was laid down (Section 3) that:

> (1) Whenever the Governor in Council is satisfied that the conditions of labour prevailing in the Colony or in any Malay State under British protection are such that the influx of immigrant labourers is likely to cause unemployment or economic distress or overcrowding unless measures are taken to prevent or regulate the entry of such labourers, or whenever the Governor in Council deems it necessary in the public interest to prevent or regulate such entry, the Governor with the approval of the Secretary of State for the Colonies may, by Proclamation in the Gazette, prohibit or regulate the entry on landing in the Colony of immigrant labourers or any class of immigrant labourers from such country, territory or place, for such time, in such manner, and subject to such conditions or restrictions as he thinks fit.
>
> (2) Without prejudice to the generality of powers conferred by subsection (i), the Governor may in such Proclamation
>
> (*a*) limit the number of immigrant labourers that may, during a specified period of time, enter the Colony from any particular country, territory or place; as well as
>
> (*b*) limit the number of immigrant labourers that may, during a specified period of time, be brought to the Colony on any ship, and such limitation may be based on registered tonnage or on any other basis whatsoever.
>
> (3) Upon the issue of any such proclamation the provisions of sections 4 to 10 inclusive shall come into and remain in operation until such proclamation is rescinded.

This proposed legislation was announced to the Legislative Council of the Straits Settlements by the Governor in the course of his Annual Address on the 10th October, 1927.

After paying a high tribute to the part which the Chinese had taken in the development of British Malaya in the past, and referring to the disturbances at Singapore during the current year, he expressed an earnest hope that it would not become necessary to make use of the powers conferred in the draft Ordinance, but declared that it was considered advisable for the Government to possess them.

[1] See *Survey for 1925*, vol. ii, pp. 381 *seqq.*

> The Chinese form to-day a majority of the indigenous inhabitants of British Malaya, and they are perhaps the most enterprising, energetic, provident and frugal of its sons. Most Straits-born Chinese have a stake in the country, and they have always valued highly the stable, firm and just system of government which has afforded them so ample a measure of peace and security. The natural resources of Malaya are still only partially developed, and to a constant flow of immigrants must we look for the completion of the work of opening up the country which has made such wonderful progress during the last half century. We are entitled, however, to insist upon those who seek the hospitality of our shores conforming to our laws and to our conception of what constitutes good and worthy citizenship; and the Government of the Straits Settlements will allow no purely economic considerations to deter it from taking every possible measure to ensure that this hospitality, so generously extended, is not abused.

When this draft ordinance came up for a second reading in the Legislative Council on the 26th March, 1928,[1] it was criticized by two members of Council: by Mr. Sze Jin Chan from the standpoint of the local Chinese community and by Mr. G. C. Clarke from that of the shipping companies. Mr. Chan, in an able and moderately worded speech, suggested that the ordinance was constitutionally unnecessary and undesirable and practically unlikely to effect its intended purpose of keeping out the small number of individuals seeking entry in order to organize and lead criminal gangs, while it would 'cause great inconvenience and hardship to thousands and thousands of honest immigrants'. . . . 'The feeling among the Chinese,' he submitted, was 'that the proper remedy' was 'not a restrictive immigration law but a strong police force.' Nevertheless the bill passed this second reading with certain amendments, and it was arranged that the third reading should be taken at the next session of the Legislative Council, which was provisionally fixed for the beginning of May.

The contemporary Chinese immigration into Netherlands India was much smaller than that into British Malaya in absolute numbers —the figures for 1925 being 24,278 [2] as against 105,268—and very much smaller relatively, since in 1920 the total population of Netherlands India was 49,350,834 as against a total of only 3,358,054 in British Malaya in 1921. It may be noted, however, that in 1920

[1] Proceedings reported in Supplement to the *Straits Settlements Government Gazette*, 20th April, 1928.

[2] Of these, 6,283 were admitted into Java and Madura and 17,995 into the 'Buitengewesten' (i.e. the territories outside Java and Madura). Of these latter 17,995, 5,589 were admitted to the east coast of Sumatra, 8,018 to other parts of Sumatra and to islands off Sumatra, 2,661 to the western division of Dutch Borneo, and 1,727 to the other 'Buitengewesten'.

the foreign Orientals in Netherlands India, of whom the great majority were Chinese, numbered 876,506 in all, while the Europeans, including Eurasians, numbered only 169,708.

A large proportion of the Chinese immigrants entered Netherlands India via the ports of British Malaya,[1] and there was also a certain immigration into Netherlands India of Chinese who had previously settled in British Malaya and had become British subjects. The Dutch authorities treated these British subjects of Chinese origin as 'foreign Orientals' unless, in matters of personal statute, they had adopted Western law.[2] Down to 1908 the Chinese communities in Netherlands India had been segregated in separate quarters, with their own headmen, their own schools and their own system of justice. This régime, however, which resembled that under which the Jews had lived in the medieval Western world or the Westerners themselves in the Levant under the Capitulations in their original form, was modified gradually from 1908 onwards;[3] and while the situation of the Chinese already domiciled in the country was thus improved, the conditions of immigration were ameliorated by a series of ordinances (i.e. those of 1915, 1917 and 1924) regulating the coolie-traffic between China and Netherlands India, as that between China and British Malaya had been regulated during the years 1877 to 1914.

Economically, the local Chinese settlers played a part in the life of Netherlands India which was scarcely less important than their rôle in British Malaya or in the Philippines. In a British official publication compiled during the War of 1914–18 the opinion was expressed[4] that, 'whilst the sudden removal of the Arabs and Hindus would scarcely affect the economic life of the Archipelago, the Chinese' formed 'an integral part of its foundations', inasmuch as they were 'the indispensable middlemen between the European wholesale importer and the native consumer'.

While, in the nature of the case, Chinese immigration into the several parts of Indonesia came entirely by sea, the adjoining countries on the Indo-Chinese mainland were open to it not only

[1] The *Annual Report on the Work of the Straits Settlements Statistical Office during the year 1926* states that 80,492 Chinese travelled from China to Netherlands India via British Malaya in 1925. This figure cannot be reconciled with the figure 24,278 given above, which comes from a Dutch official source (unless the latter refers to net immigration or to permanent settlement as opposed to seasonal migration).

[2] Statement made in January 1910 by the Netherlands Consul-General to the Government of the Straits Settlements, quoted in Song Ong Siang, *op. cit.*, pp. 489–90.

[3] *A Manual of Netherlands India* (London, 1920, H.M. Stationery Office), pp. 131–2.

[4] *Op. cit., loc. cit.*

by sea but overland—particularly from the direction of Yunnan, the youngest of the Eighteen Provinces, which had been created under the Mongol (Yüen) Dynasty by Chinese colonization at the expense of the primitive populations in the hinterland of Tonking, Siam and Burma. This overland movement from Yunnan appears to have been the chief source of recruitment of the considerable Chinese population in French Indo-China. In this case, the movement was facilitated by the existence of a French railway connecting Yunnanfu with Hanoi; but the overland movement was also active as between Yunnan and Burma. In Burma, according to the census of India, the total Chinese population was 122,834 in 1911 and 149,060 in 1921, made up as follows:

	1911 (estimated)		*1921*	
Race	*male*	*female*	*male*	*female*
Panthay[1] . .	1,427	775	1,076	441
Yunnanese . .	32,500	22,500	34,676	23,039
Other Chinese . .	55,418	10,214	66,125	23,703
	89,345	33,489	101,877	47,183
	Total 122,834		Total 149,060	

It may be presumed that the majority of the non-Yunnanese immigrants from China had entered Burma by sea; and the sea-route was apparently the chief channel of Chinese immigration into Siam, which was closely bound up with the Chinese immigration into British Malaya.

Between the Chinese in Siam and in British Malaya there had always been currents of intermigration; and these had grown stronger since Bangkok had been linked up with Singapore by the Siamese State Railway and the Federated Malay States Railways.[2] Moreover, at certain times during the General War of 1914–18, owing to shortage of shipping, vessels which usually conveyed immigrants from Hongkong to Singapore had only been allowed to carry one-third of their ordinary complement; and a considerable number of Chinese had then travelled to British Malaya via Bangkok—proceeding from the latter port either by rail or in coasting vessels. This happened again in 1925 and 1926 when the anti-British boycott was at its height in China.[3] Intending immigrants to British Malaya then evaded detention at the hands of their militant compatriots by travelling via Bangkok in ships proceeding thither direct from Swatow, without touching Hongkong. Apart, however, from such temporary effects

[1] Muslim Yunnanese.

[2] It may be noted that in 1927, in order to travel from Penang to Kelantan (two points in British Malaya) by railway, it was necessary to traverse Siamese territory.

[3] See Part III A, Section (viii) above.

of exceptional political conditions, it constantly happened that when the price of tin fell and the mines in the Federated Malay States became less profitable owing to the higher cost of operating them there, there was a considerable efflux of Chinese labourers thence to Siam, where the cost of operation was cheaper owing to the fact that the deposits were as yet less deeply worked. When the price of tin rose again, this Chinese labour would flow back from Siam to British Malaya. To a slighter extent, a similar fluidity of Chinese labour prevailed as between British Malaya and Burma.

The official statistics of Chinese immigration into Siam during the eight years ending in 1925–6 were as follows:

1918–19	66,901
1919–20	64,632
1920–1	68,797
1921–2	73,976
1922–3	89,329
1923–4	107,987
1924–5	84,667
1925–6	86,434

On the 11th July, 1927, an Immigration Act was promulgated by the Siamese Government, which thus anticipated the action which had been put in train by the Government of the Straits Settlements.[1] The passage of these two pieces of regulative legislation within a few months of one another seemed to portend that the tropical countries of the Pacific area, in which the Chinese immigrant had hitherto found himself welcome, might begin to adopt that restrictive policy which had long been practised by countries bordering on the Pacific in the temperate zones.

[1] See p. 463 above.

APPENDICES

I. Membership of the League of Nations at the 31st December, 1926

Original Members[1]	*Date at which Membership began*[2]
Argentine Republic[3]	18th July, 1919.
Belgium	10th January, 1920.
Bolivia	10th January, 1920.
Brazil	10th January, 1920.
British Empire	10th January, 1920.
Australia	10th January, 1920.
Canada	10th January, 1920.
India	10th January, 1920.
New Zealand	10th January, 1920.
South Africa	10th January, 1920.
Chile	4th November, 1919.
China[4]	16th July, 1920.
Colombia	16th February, 1920.
Cuba	8th March, 1920.
Czechoslovakia	10th January, 1920.
Denmark	8th March, 1920.
France	10th January, 1920.
Greece	30th March, 1920.
Guatemala	10th January, 1920.
Haiti	30th June, 1920.
Honduras	3rd November, 1920.
Italy	10th January, 1920.
Japan	10th January, 1920.
Jugoslavia	10th February, 1920.
Liberia	30th June, 1920.
Netherlands	9th March, 1920.
Nicaragua	3rd November, 1920.

[1] i. e. States signatories of the Versailles Treaty (except Germany) and other states named in the Annex to the Covenant as invited to accede to the League of Nations. The United States of America, Ecuador, and the Hijāz, though signatories of the Versailles Treaty, did not ratify it and therefore did not become members of the League of Nations.

[2] The membership of states signatories of the Versailles Treaty began from the date of exchange or deposit of ratification of the Treaty; that of states invited to accede from the date of notification of accession.

[3] The Argentine Republic withdrew from the First Assembly in 1920, on the refusal of the Assembly to consider certain proposals of the Argentinian delegation. She remained a member of the League, but did not send delegations to subsequent Assemblies, though her representatives attended various League Conferences. In September 1926 the Argentinian Commission for Foreign Affairs decided that the Republic should again participate in the work of the League.

[4] China refused to sign the Versailles Treaty but became a member on ratification of the Treaty of Saint Germain.

Original Members	*Date at which Membership began*
Norway	5th March, 1920.
Panama	25th November, 1920.
Paraguay	29th October, 1919.
Persia	21st November, 1919.
Peru	10th January, 1920.
Poland	10th January, 1920.
Portugal	8th April, 1920.
Rumania	14th September, 1920.
Salvador	10th March, 1920.
Siam	10th January, 1920.
Spain	10th January, 1920.
Sweden	9th March, 1920.
Switzerland	8th March, 1920.
Uruguay	10th January, 1920.
Venezuela	3rd March, 1920.

Admitted Members	*Date of Admission*
Abyssinia	28th September, 1923.
Albania	17th December, 1920.
Austria	15th December, 1920.
Bulgaria	16th December, 1920.
Costa Rica	16th December, 1920.
Dominican Republic	29th September, 1924.
Estonia	22nd September, 1921.
Finland	16th December, 1920.
Germany	8th September, 1926.
Hungary	18th September, 1922.
Irish Free State	10th September, 1923.
Latvia	22nd September, 1921.
Lithuania	22nd September, 1921.
Luxembourg	16th December, 1920.

Secessions	*Date of Preliminary Notice of Withdrawal after two Years*
Brazil	14th June, 1926.
Costa Rica	1st January, 1925.
Spain	11th September, 1926.

Non-Members

Afghanistan	Turkey
Ecuador	United States of America
Mexico	Union of Soviet Socialist Republics
Najd and Hijāz[1]	Yaman

Note. If the three secessions all took effect before the admission of any fresh state to membership, the result would be that the membership of the League of Nations would include five out of seven existing Great Powers and fifty-three out of sixty-four existing 'fully-self-governing' states.

[1] Since the 11th January, 1926, the kingdom of the Hijāz had been linked up with the Sultanate of the Najd and its dependencies by a personal union under the sovereignty of the King-Sultan 'Abdu'l-'Azīz b. Sa'ūd (see *Survey for 1925*, vol. i).

II. Inter-Allied Debts

(*a*) Dispatch to the Representatives of France, Italy, Serb-Croat-Slovene State, Rumania, Portugal, and Greece at London respecting War Debts, 1st August, 1922 [the 'Balfour Note'][1]

Your Excellency,

As your Excellency is aware, the general question of the [French, Italian, &c.] debt to this country has not yet been the subject of any formal communication between the two Governments, nor are His Majesty's Government anxious to raise it at the present moment. Recent events, however, leave them little choice in the matter, and they feel compelled to lay before the [French, Italian, &c.] Government their views on certain aspects of the situation created by the present condition of international indebtedness.

Speaking in general terms, the war debts, exclusive of interest, due to Great Britain at the present moment amount in the aggregate to about £3,400,000,000, of which Germany owes £1,450,000,000, Russia £650,000,000, and our allies £1,300,000,000. On the other hand, Great Britain owes the United States about a quarter of this sum—say £850,000,000, at par of exchange, together with interest accrued since 1919.

No international discussion has yet taken place on the unexampled situation partially disclosed by these figures; and pending a settlement which would go to the root of the problem, His Majesty's Government have silently abstained from making any demands upon their allies, either for the payment of interest or the repayment of capital. But, if action in the matter has hitherto been deemed inopportune, this is not because His Majesty's Government either underrate the evils of the present state of affairs, or because they are reluctant to make large sacrifices to bring it to an end. On the contrary, they are prepared, if such a policy formed part of a satisfactory international settlement, to remit all the debts due to Great Britain by our allies in respect of loans, or by Germany in respect of reparations.

Recent events, however, make such a policy difficult of accomplishment. With the most perfect courtesy, and in the exercise of their undoubted rights, the American Government have required this country to pay the interest accrued since 1919 on the Anglo-American debt, to convert it from an unfunded to a funded debt, and to repay it by a sinking fund in twenty-five years. Such a procedure is clearly in accordance with the original contract. His Majesty's Government make no complaint of it; they recognize their obligations and are prepared to fulfil them. But evidently they cannot do so without profoundly modifying the course which, in different circumstances, they would have wished to pursue. They cannot treat the repayment of the Anglo-American loan as if it were an isolated incident in which only the United States of America and Great Britain had any concern. It is but one of a connected series of transactions, in which this country appears sometimes as debtor, sometimes as creditor, and, if our undoubted obligations as a debtor are to be enforced, our not less undoubted rights as a creditor cannot be left wholly in abeyance.

[1] Reprinted from the British Parliamentary Paper, *Cmd.* 1737 of 1922.

His Majesty's Government do not conceal the fact that they adopt this change of policy with the greatest reluctance. It is true that Great Britain is owed more than it owes, and that, if all inter-Allied war debts were paid, the British Treasury would, on balance, be a large gainer by the transaction. But can the present world situation be looked at only from this narrow financial standpoint? It is true that many of the Allied and Associated Powers are, as between each other, creditors or debtors, or both. But they were, and are, much more. They were partners in the greatest international effort ever made in the cause of freedom; and they are still partners in dealing with some, at least, of its results. Their debts were incurred, their loans were made, not for the separate advantage of particular States, but for a great purpose common to them all, and that purpose has been, in the main, accomplished.

To generous minds it can never be agreeable, although, for reasons of State, it may perhaps be necessary, to regard the momentary aspect of this great event as a thing apart, to be torn from its historical setting and treated as no more than an ordinary commercial dealing between traders who borrow and capitalists who lend. There are, moreover, reasons for a different order, to which I have already referred, which increase the distaste with which His Majesty's Government adopt so fundamental an alteration in method of dealing with loans to allies. The economic ills from which the world is suffering are due to many causes, moral and material, which are quite outside the scope of this despatch. But among them must certainly be reckoned the weight of international indebtedness, with all its unhappy effects upon credit and exchange, upon national production and international trade. The peoples of all countries long for a speedy return to the normal. But how can the normal be reached while conditions so abnormal are permitted to prevail? And how can these conditions be cured by any remedies that seem at present likely to be applied?

For evidently the policy hitherto pursued by this country of refusing to make demands upon its debtors is only tolerable so long as it is generally accepted. It cannot be right that one partner in the common enterprise should recover all that she has lent, and that another, while recovering nothing, should be required to pay all that she has borrowed. Such a procedure is contrary to every principle of natural justice and cannot be expected to commend itself to the people of this country. They are suffering from an unparalleled burden of taxation, from an immense diminution of national wealth, from serious want of employment, and from the severe curtailment of useful expenditure. These evils are courageously borne. But were they to be increased by an arrangement which, however legitimate, is obviously one-sided, the British taxpayer would inevitably ask why he should be singled out to bear a burden which others are bound to share.

To such a question there can be but one answer and I am convinced that Allied opinion will admit its justice. But while His Majesty's Government are thus regretfully constrained to request the French Government to make arrangements for dealing to the best of their ability with Anglo-French loans, they desire to explain that the amount of interest and repayment for which they ask depends not so much on what France and other Allies owe to Great Britain as on what Great Britain has to pay America. The policy favoured by His Majesty is, as I have already observed, that of surrendering their share of German reparation, and writing off, through

one great transaction, the whole body of inter-Allied indebtedness. But, if this be found impossible of accomplishment, we wish it to be understood that we do not in any event desire to make a profit out of any less satisfactory arrangement. In no circumstances do we propose to ask more from our debtors than is necessary to pay to our creditors. And, while we do not ask for more, all will admit that we can hardly be content with less. For it should not be forgotten, though it sometimes is, that our liabilities were incurred for others, not for ourselves. The food, the raw material, the munitions required by the immense naval and military efforts of Great Britain and half the £2,000,000,000 advanced to allies were provided, not by means of foreign loans, but by internal borrowing and war taxation. Unfortunately, a similar policy was beyond the power of other European nations. Appeal was therefore made to the Government of the United States; and under the arrangement then arrived at the United States insisted, in substance if not in form, that, though our allies were to spend the money, it was only on our security that they were prepared to lend it. This co-operative effort was of infinite value to the common cause, but it cannot be said that the role assigned in it to this country was one of special privilege or advantage.

Before concluding I may be permitted to offer one further observation in order to make still clearer the spirit in which His Majesty's Government desire to deal with the thorny problem of international indebtedness.

In an earlier passage of this despatch I pointed out that this, after all, is not a question merely between allies. Ex-enemy countries also are involved; for the greatest of all international debtors is Germany. Now His Majesty's Government do not suggest that, either as a matter of justice or expediency, Germany should be relieved of her obligation to the other allied States. They speak only for Great Britain; and they content themselves with saying once again that, so deeply are they convinced of the economic injury inflicted on the world by the existing state of things that this country would be prepared (subject to the just claims of other parts of the Empire) to abandon all further right to German reparation and all claims to repayment by allies, provided that this renunciation formed part of a general plan by which this great problem could be dealt with as a whole and find a satisfactory solution. A general settlement would, in their view, be of more value to mankind than any gains that could accrue even from the most successful enforcement of legal obligations.

I have, &c.,

BALFOUR.

(*b*) ACT OF THE UNITED STATES CONGRESS CREATING THE WORLD WAR FOREIGN DEBT COMMISSION, APPROVED ON THE 9TH FEBRUARY, 1922 [1]

An Act to Create a Commission Authorised under Certain Conditions to Refund or Convert Obligations of Foreign Governments Held by the United States of America and for Other Purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled. That a World War Foreign Debt Commission is hereby created consisting of five members, one of whom

[1] Official text (Public—No. 139—67th Congress, 42 Stat. L., 363).

shall be the Secretary of the Treasury, who shall serve as chairman, and four of whom shall be appointed by the President, by and with the advice and consent of the Senate.

Sec. 2. That, subject to the approval of the President, the commission created by section 1 is hereby authorised to refund or convert, and to extend the time of payment of the principal or the interest, or both, of any obligation of any foreign Government now held by the United States of America, or any obligation of any foreign Government hereafter received by the United States of America (including obligations held by the United States Grain Corporation, the War Department, the Navy Department, or the American Relief Administration), arising out of the World War, into bonds or other obligations of such foreign Government in substitution for the bonds or other obligations of such Government now or hereafter held by the United States of America, in such form and of such terms, conditions, date or dates of maturity, and rate or rates of interest, and with such security, if any, as shall be deemed for the best interests of the United States of America: *Provided*, That nothing contained in this Act shall be construed to authorise or empower the commission to extend the time of maturity of any such bonds or other obligations due to the United States of America by any foreign Government beyond June 15, 1947, or to fix the rate of interest at less than 4¼ per centum per annum: *Provided further*, That when the bond or other obligation of any such Government has been refunded or converted as herein provided, the authority of the commission over such refunded or converted bond or other obligation shall cease.

Sec. 3. That this Act shall not be construed to authorize the exchange of bonds or other obligations of any foreign Government for those of any other foreign Government or cancellation of any part of such indebtedness except through payment thereof.

Sec. 4. That the authority granted by this Act shall cease and determine at the end of three years from the date of the passage of this Act.

Sec. 5. That the annual report of this commission shall be included in the Annual Report of the Secretary of the Treasury on the state of the finances, but said commission shall immediately transmit to the Congress copies of any refunding agreements entered into, with the approval of the President, by each foreign Government upon the completion of the authority granted under this Act.

(*c*) Arrangements for the Funding of the British Debt to the United States of America

(i) *Proposal dated the 18th day of June, 1923, by His Britannic Majesty's Government (hereinafter called Great Britain) to the Government of the United States of America (hereinafter called the United States) regarding the funding of the debt of Great Britain to the United States.*

Whereas Great Britain is indebted to the United States as of 15th December, 1922, upon demand obligations in the principal amount of $4,074,818,358·44, not including obligations in the principal amount of $61,000,000, representing advances deemed to have been made to cover purchases of silver under the Act of Congress approved 23rd April, 1918, of which $30,500,000 has been repaid in April and May, 1923, and the

balance is to be repaid in 1924 pursuant to an agreement already made between the parties, and Great Britain is further indebted to the United States as of 15th December, 1922, on account of interest accrued from 15th April and 15th May, 1919, on said $4,074,818,358·44, principal amount of demand obligations:

And whereas Great Britain has power under the War Loan Act, 1919 (9 and 10 Geo. 5, cap. 37), to issue securities in exchange for maturing securities issued under the War Loan Acts, 1914 to 1918:

And whereas the demand obligations now held by the United States Treasury were so issued, and will become payable upon the request of the United States Treasury for their payment:

Now therefore Great Britain proposes, in the exercise of the powers above recited and in consideration and in faith of the statements, conditions, premises, and mutual covenants herein contained, to issue to the United States in exchange for the demand obligations now held by the United States Treasury securities which shall be in their terms and conditions in accordance with the following provisions:

1. *Amount of Indebtedness.*

The total amount of indebtedness to be funded is $4,600,000,000, which has been computed as follows:

Principal amount of demand obligations to be funded		$4,074,818,358·44
Interest accrued thereon from April 15 and May 15, 1919, respectively to December 15, 1922, at the rate of 4¼ per cent. per annum	$629,836,106·99	
Less—Payments made by Great Britain on October 16 and November 15, 1922, on account of interest, with interest thereon at 4¼ per cent. per annum from said dates respectively to December 15, 1922	$100,526,379·69	$529,309,727·30
Total principal and interest accrued and unpaid as of December 15, 1922		$4,604,128,085·74
Paid in cash by Great Britain, March 15, 1923		$4,128,085·74
Total indebtedness to be funded into bonds of Great Britain		$4,600,000,000·00

2. *Issue of Long-Time Obligations.*

The securities, which it is proposed to issue at par as promptly as possible, shall be obligations in the principal amount of $4,600,000,000 in the form of Bonds to be dated 15th December, 1922, maturing 15th December, 1984, with interest payable semi-annually on 15th June and 15th December in each year at the rate of 3 per cent. per annum from 15th December, 1922, to 15th December, 1932, and thereafter at the rate of 3½ per cent. per annum until the principal thereof shall have been paid.

3. *Method of Payment.*

The Bonds shall be payable as to both principal and interest in United States gold coin of the present standard of weight and fineness, or its

equivalent in gold bullion, or, at the option of Great Britain, upon not less than thirty days' advance notice in any bonds of the United States, issued or to be issued after the 6th April, 1917, to be taken at par and accrued interest to the date of payment hereunder: *provided however* that Great Britain may at its option, upon not less than ninety days' advance notice, pay up to one half of any interest accruing between 15th December, 1922, and 15th December, 1927, on any British bonds proposed to be issued hereunder, in bonds of Great Britain, maturing 15th December, 1984, dated and bearing interest from the respective dates when the interest to be paid thereby becomes due, and substantially similar in other respects to the original bonds proposed to be issued hereunder.

All payments to be made by Great Britain on account of the principal or interest of any bonds proposed to be issued hereunder, shall be made at the Treasury of the United States in Washington, or, at the option of the Secretary of the Treasury of the United States, at the Federal Reserve Bank of New York, and if in cash shall be made at the option of Great Britain in gold coin of the United States or in gold bullion or in immediately available funds, or if in bonds of the United States, shall be in form acceptable to the Secretary of the Treasury of the United States. Appropriate notation of all payments on account of principal shall be made on the bonds proposed to be issued hereunder which may be held by the United States. Provided, however, that all payments in respect of any market obligations issued under Paragraph 9 of this Proposal shall be made at the office of the fiscal agents of the British Government in the City of New York.

4. *Exemption from Taxation.*

The principal and interest of all bonds issued or to be issued hereunder, shall be exempt from all British taxation, present or future, so long as they are in the beneficial ownership of the United States, or of a person, firm, association or corporation neither domiciled nor ordinarily resident in the United Kingdom.

5. *Form of Bonds.*

All bonds proposed to be issued hereunder to the United States shall be payable to the United States of America, or order, shall be issued, so far as possible, in denominations of $4,600,000 each, and shall be substantially in the form set forth in the exhibit annexed hereto, and marked 'Exhibit A'.[1] The bonds shall be signed for Great Britain by the Counsellor of His Britannic Majesty's Embassy at Washington.

6. *Repayment of Principal.*

To provide for the repayment of the total principal of the debt before maturity of the $4,600,000,000 principal amount of bonds to be issued, it is proposed that the bonds shall contain provisions the effect of which shall be that Great Britain shall make to the United States payments, on account of the original principal amount of the bonds to be issued, in the amounts and on the dates named in the following Table:

[1] This is not reproduced here, owing to lack of space. It will be found in *Cmd.* 1912 of 1923.

Date 15th December:	*Annual instalments to be paid on account of principal*
1923	$23,000,000
1924	23,000,000
1925	24,000,000
1926	25,000,000
1927	25,000,000
1928	27,000,000
1929	27,000,000
1930	28,000,000
1931	28,000,000
1932	30,000,000
1933	32,000,000
1934	32,000,000
1935	32,000,000
1936	32,000,000
1937	37,000,000
1938	37,000,000
1939	37,000,000
1940	42,000,000
1941	42,000,000
1942	42,000,000
1943	42,000,000
1944	46,000,000
1945	46,000,000
1946	46,000,000
1947	51,000,000
1948	51,000,000
1949	51,000,000
1950	53,000,000
1951	55,000,000
1952	57,000,000
1953	60,000,000
1954	64,000,000
1955	64,000,000
1956	64,000,000
1957	67,000,000
1958	70,000,000
1959	72,000,000
1960	74,000,000
1961	78,000,000
1962	78,000,000
1963	83,000,000
1964	85,000,000
1965	89,000,000
1966	94,000,000
1967	96,000,000
1968	100,000,000
1969	105,000,000
1970	110,000,000

Date 15th December.	*Annual instalments to be paid on account of principal*
1971	$114,000,000
1972	119,000,000
1973	123,000,000
1974	127,000,000
1975	132,000,000
1976	136,000,000
1977	141,000,000
1978	146,000,000
1979	151,000,000
1980	156,000,000
1981	162,000,000
1982	167,000,000
1983	175,000,000
1984	175,000,000
Total	$4,600,000,000

Provided, however, that Great Britain may at its option, upon not less than ninety days' advance notice, postpone any payment of principal falling due as hereinabove provided to any subsequent 15th June or 15th December, not more than two years distant from its due date, but only on condition that if Great Britain shall at any time exercise this option as to any payment of principal, the payment falling due in the next succeeding year cannot be postponed to any date more than one year distant from the date when it becomes due, unless and until the payment previously postponed shall actually have been made, and the payment falling due in the second succeeding year cannot be postponed at all unless and until the payment of principal due two years previous thereto shall actually have been made.

In the event of Great Britain issuing bonds to the United States in payment of interest accruing between 15th December, 1922, and 15th December, 1927, as proposed in paragraph 3 above, the bonds so issued shall contain provision for the payment of their principal before maturity through annual instalments on account of principal corresponding substantially to the schedule of payments on account of principal appearing in the Table hereinabove set forth.

7. *Payments before maturity.*

Great Britain may at its option, on any interest date or dates, upon not less than ninety days' advance notice make advance payments of principal, in addition to the payments required to be made by the provisions of the bonds in accordance with paragraph 6 of this proposal. Any such additional payments shall first be applied to the principal of any bonds which shall have been issued hereunder on account of interest accruing between 15th December, 1922, and 15th December, 1927, and then to the principal of any other bonds which shall have been issued hereunder. Any payments made to the United States under this provision shall be in amounts of $1,000,000 or multiples thereof.

8. *Calculation of Interest.*

Notwithstanding anything herein contained, the interest payable from time to time on the bonds proposed to be issued shall be computed on the amount of the principal outstanding on the previous interest date, with adjustments in respect of any payment on account of principal which may have been made since the previous interest date.

9. *Exchange for Marketable Obligations.*

Great Britain will issue to the United States at any time or from time to time, at the request of the Secretary of the Treasury of the United States, in exchange for any or all of the bonds proposed to be issued hereunder and held by the United States, definitive engraved bonds in form suitable for sale to the public, in such amounts and denominations as the Secretary of the Treasury of the United States may request, in bearer form, with provision for registration as to the principal, and/or in fully registered form, and otherwise on the same terms and conditions, as to dates of issue and maturity, rate or rates of interest, exemption from taxation, payment in bonds of the United States issued or to be issued after 6th April, 1917, payment before maturity, and the like, as the bonds surrendered on such exchange, except that the bonds shall carry such provision for repayment of principal as shall be agreed upon; provided that if no agreement to the contrary is arrived at, any such bonds shall contain separate provision for payments before maturity, conforming substantially to the table of repayments prescribed by paragraph 6 of this proposal and in form satisfactory to the Secretary of the Treasury of the United States, such payments to be computed on a basis to accomplish the retirement of any such bonds by December 15, 1984, and to be made through annual drawings for redemption at par and accrued interest. Any payments of principal thus made before maturity on any such bonds shall be deducted from the payments required to be made by Great Britain to the United States in the corresponding years under the terms of the table of repayments set forth in paragraph 6 of this proposal.

Great Britain will deliver definitive engraved bonds to the United States in accordance herewith within six months of receiving notice of any such request from the Secretary of the Treasury of the United States, and pending the delivery of the definitive engraved bonds will, at the request of the Secretary of the Treasury of the United States, deliver temporary bonds or interim receipts on a form to be agreed upon within three months of the receipt of such request. The United States before offering any such bonds or interim receipts for sale in Great Britain will first offer them to Great Britain for purchase at par and accrued interest, and Great Britain shall likewise have the option, in lieu of issuing to the United States any such bonds or interim receipts, to make advance redemption at par and accrued interest, of a corresponding amount of bonds issued hereunder and held by the United States.

10. *Cancellation and Surrender of Demand Obligations.*

Upon the delivery to the United States of the $4,600,000,000 principal amount of bonds proposed to be issued hereunder, the United States will cancel and surrender to Great Britain through the British Ambassador at

Washington, or his representative, at the Treasury of the United States in Washington, the demand obligations of Great Britain in the principal amount of $4,074,818,358·44 described in the preamble to this Proposal.

11. *Notices.*

Any notice, request or consent under the hand of the Secretary of the Treasury of the United States shall be deemed and taken as the notice, request or consent of the United States, and shall be sufficient if delivered at the British Embassy at Washington or at the office of the Permanent Secretary of the British Treasury in London; and any notice, request or election from or by Great Britain shall be sufficient if delivered to the American Embassy in London or to the Secretary of the Treasury of the United States at the Treasury of the United States in Washington. The United States in its discretion may waive any notice required hereunder, but any such waiver shall be in writing and shall not extend to or affect any subsequent notice or impair any right of the United States to require notice hereunder.

Signed on behalf of the Lords Commissioners of His Majesty's Treasury this eighteenth day of June, 1923.

A. C. Geddes,
His Britannic Majesty's Ambassador
Extraordinary and Plenipotentiary.

Washington.

(ii) *Acceptance by the United States*

My Dear Mr. Ambassador,

I have the honor to acknowledge the receipt of your note of the 18th June, 1923, transmitting the proposal dated the 18th day of June, 1923, by His Britannic Majesty's Government to the Government of the United States of America regarding the funding of the debt of Great Britain to the United States. This proposal is agreeable to the World War Foreign Debt Commission, and I am writing for the Commission and by its authority to advise you that the proposal is hereby accepted on behalf of the United States of America, pursuant to the authority conferred by the Act of Congress approved February 9, 1922, as amended by the Act of Congress approved February 28, 1923.

In accordance therewith I am writing to ask that bonds as contemplated thereby may be delivered as soon as possible to the Secretary of the Treasury of the United States in exchange for the demand obligations amounting to $4,074,818,358·44 now held by him, which are otherwise now payable.

Very truly yours,
A. W. Mellon,
Secretary of the Treasury and Chairman of the
World War Foreign Debt Commission.

Approved
Warren G. Harding,
President.
June 19, 1923.

III. International Steel Agreement between Germany, France, Belgium and Luxembourg, signed on the 30th September, 1926

Art. 1. Each country shall pay 1 dollar monthly into a common fund for each ton of crude steel actually produced.

By the term 'crude steel' is meant all the crude steel manufactured in the several countries by the Thomas, Bessemer, Siemens or Martin processes, by the electric crucible, or any other process. This sum shall be credited to the account of the country in question. The first time, it shall be paid two months after the present Agreement comes into effect in the form of drafts at three months: for subsequent months it shall be paid on the 25th of the month following in the form of a draft at three months.

Should the Government of one of the countries participating in the Agreement object to the transfer of all or any of the sums payable under the present Article, the actual payment might be replaced:

(1) By the guarantee of a bank approved by the Managing Committee: or

(2) By a cash payment into a blocked account at a bank situated in the country in question and approved by the Managing Committee.

Art. 2. The administration of the common fund shall be provided for by a Managing Committee of four members appointed respectively by each of the countries Parties to the Agreement, i.e. Germany, Belgium, France and Luxembourg. Each of these four countries shall also appoint two deputy members to replace the permanent member in the event of his being absent or unable to attend.

The chairmanship of the Managing Committee shall be held for one year by each of the countries concerned in rotation.

In a general way, and in addition to the special provisions laid down in the Articles following, the Managing Committee shall make the necessary arrangements for carrying out the execution of the clauses of the present contract and for exercising the supervision which it entails. It shall also have full powers for the administration, handling, and custody of the monies paid into the common fund or held by it. The number of votes of the Managing Committee shall be allotted in accordance with the quotas.

Art. 3. The Managing Committee shall fix the quota of each country for each quarter in accordance with the provisions of Article 4 not later than a fortnight before the beginning of that quarter, by applying coefficients —fixed once for all for each country—to the total tonnage representing the probable demand of the market.

Art. 4. The coefficients allotted to the different countries can only be modified by unanimous consent.

The total quarterly tonnage, and accordingly the quotas of each country, shall be fixed by a two-thirds majority of the votes, each country commanding the number of votes proportional to its participation, with the proviso that unanimity of all the countries but one shall constitute a sufficient majority even if this latter country represents more than a quarter of the votes.

The Saar shall never vote individually: its votes shall be divided between France and Germany in their ratios of one-third and two-thirds.

Art. 5. Every month each country's actual net production of crude

steel during that month shall be ascertained, in relation to the figures indicated by the quotas.

Art. 6. If the quarterly production of a country exceeds the quota which was fixed for it, that country shall pay in respect of each ton in excess a fine of 4 dollars, which shall accrue to the common fund, in addition to the payment provided for in Article 1.

Art. 7. If the production of any country has been below the quota allotted to it, that country shall receive in compensation from the common fund the sum of 2 dollars per ton short.

The tonnage entitling to compensation may not, however, exceed 10 per cent. of the quota fixed for the quarter in question. If a shortage of 10 per cent. or more below the quota fixed continues during several successive quarters, the tonnage entitling to compensation shall be reduced by two per cent. for each successive quarter, so that in the second quarter of such shortage of 10 per cent. or more the compensation paid shall not exceed 8 per cent., and in the third quarter it shall not exceed 6 per cent., and so on.

In the event of *force majeure*, the General Meeting of the several groups shall decide by a majority vote the amount of the compensation payable.

Art. 8. The accounts shall be balanced quarterly, the excess contributions and sums due in compensation mentioned in Articles 6 and 7 being payable immediately after the balance of accounts.

At the close of each half-year, the common fund shall be liquidated, after deduction of the general expenses: the remaining balance shall be distributed between the several countries:

(1) In proportion to the actual production during the accounting period, up to the limit of the payments made under Article 1.

(2) And, if any balance remains over from fines, in proportion to the participation figures of the accounting period concerned.

The first liquidation of the common fund shall take place on April 1st, 1927.

Art. 9. The present Agreement shall terminate on April 1st, 1931. Up to May 1st, 1929, however, any country shall be entitled to give notice of withdrawal from the Agreement on October 31st, 1929, in which case the other countries shall be released from all obligations on the same date.

Art. 10. The present Agreement was concluded on the assumption that throughout its duration the tariff rates applicable to iron and steel products imported into Germany would not be increased. If Germany should proceed to increase the said rates, the present Agreement may be denounced at any time by each of the Contracting Parties at three months' notice, and each of the Parties shall then recover full liberty of action in relation to its Government as regards tariffs.

The present Agreement, however, may be denounced at any time on and after April 1st, 1927, at three months' notice, if the Government of one of the Contracting Parties objects to it on the ground that, in the absence of a commercial treaty, one of the other countries is applying unfavourable treatment to the products as a whole.

If Germany or France denounces the present Treaty for one of the two reasons mentioned above, they shall also have the right to denounce it as against the other Contracting Parties, who, in turn, shall be entitled to denounce it *inter se*.

Art. 11. Exchange in respect of the quotas of the countries are not allowed in the case of any company or concern unless that company or concern possesses and operates undertakings in another country. Ownership of at least 40 per cent. of the share capital of these undertakings shall constitute possession.

Previous notice of such transfers must be given to the Managing Committee. The transfer cannot take effect until the beginning of the next accounting period, and must apply at least for that period.

Art. 12. If on April 1st, 1927, the total consumption has not increased to such an extent that the Luxembourg group shall have obtained a quota of tonnage representing a minimum annual production of 2,360,000 tons, and on April 1st, 1929, tonnage representing a minimum annual production of 2,480,000 tons, that group shall be entitled to withdraw from the present Agreement at three months' notice. It shall then be open to the other countries also to withdraw from the present Agreement.

Art. 13. Any disputes arising between the Parties as to the interpretation and carrying out of the present Agreement shall be compulsorily settled by arbitration.

Art. 14. It shall be open to steel manufacturers in the other European countries to join in the present Agreement.

Admission shall be sanctioned by the General Meeting:

(1) By a majority vote if participation is determined on the basis of the production of the first quarter of 1926:

(2) Unanimously, if admission is granted on some other basis.

If the participation of the participating countries in the total production of the European countries for any one half-year is 5 per cent. less than the same participation during the first quarter of 1926, the rescission of the present Agreement may be demanded by any one of the groups Parties to the Agreement, to take effect after three months' notice, which must be given not later than three months after the expiration of the half-year under consideration.

The Agreement may also be rescinded by any one of the countries Parties to the Agreement at three months' notice in the event of the total figure fixed for any one half-year being less than 13,139,000 tons. In this event, the notice of rescission must be given within a month.

IV. Rumanian Treaties

(*a*) Treaty of Guarantee between Poland and Rumania, signed at Bucarest, 26th March, 1926[1]

The President of the Polish Republic and His Majesty the King of Rumania, noting with satisfaction the consolidation of the guarantees for the general peace of Europe, and anxious to satisfy the desire for peace by which the peoples are animated, desirous of seeing their country spared from war, and animated also with the sincere desire of giving to their peoples supplementary guarantees within the framework of the Covenant

[1] Text, translated by the League of Nations, reprinted from *League of Nations Treaty Series*, vol. lx. Ratifications of the treaty were exchanged on the 9th February, 1927.

of the League of Nations and of the treaties of which they are signatories, have determined to conclude a Treaty with this object, and have . . . agreed as follows:

Art. 1. Poland and Rumania undertake each to respect and preserve against external aggression the territorial integrity and existing political independence of the other.

Art. 2. In the event of Poland or Rumania, contrary to the undertakings imposed by Articles 12, 13, and 15 of the Covenant of the League of Nations, being attacked without provocation, Poland and reciprocally Rumania, acting in application of Article 16 of the Covenant of the League of Nations, undertake to lend each other immediately aid and assistance.

In the event of the Council of the League of Nations, when dealing with a question brought before it in accordance with the provisions of the Covenant of the League of Nations, being unable to secure the acceptance of its report by all its Members other than the representatives of the parties to the dispute, and in the event of Poland or Rumania being attacked without provocation, Poland or reciprocally Rumania, acting in application of Article 15, paragraph 7, of the Covenant of the League of Nations, will immediately lend aid and assistance to the other country.

Should a dispute of the kind provided for in Article 17 of the Covenant of the League of Nations arise, and Poland or Rumania be attacked without provocation, Poland and reciprocally Rumania undertake to lend each other immediately aid and assistance.

The details of application of the above provisions shall be settled by technical agreements.

Art. 3. If, in spite of their efforts to maintain peace, the two States are compelled to enter on a defensive war under the terms of Articles 1 and 2, each undertakes not to negotiate or conclude an armistice or a peace without the participation of the other State.

Art. 4. In order to co-ordinate their efforts to maintain peace, both Governments undertake to consult together on such questions of foreign policy as concern both Contracting Parties.

Art. 5. Neither of the High Contracting Parties shall be at liberty to conclude an alliance with a third Power without having previously consulted the other Party.

Alliances with a view to the maintenance of treaties already signed jointly by both Poland and Rumania are excepted from this provision.

Such alliances must, however, be notified.

Art. 6. The High Contracting Parties undertake to submit all disputes which may arise between them or which it may not have been possible to settle by the ordinary methods of diplomacy, to conciliation or arbitration. The details of this procedure of pacific settlement shall be laid down in a special convention to be concluded as soon as possible.

Art. 7. The present Treaty shall remain in force for five years from the date of its signature, but either of the two Governments shall be entitled to denounce it after two years, upon giving six months' notice.

Art. 8. The present Treaty shall be ratified, and the ratifications shall be exchanged at Warsaw as soon as possible.

In faith whereof the Plenipotentiaries have signed the present Treaty and have thereto affixed their seals.

Protocol.

The Convention of Defensive Alliance which expires on April 3, 1926, being recognized to have had results beneficial to the cause of peace, the undersigned Plenipotentiaries, holding full powers, found in good and due form, from the President of the Polish Republic and from His Majesty the King of Rumania, respectively, have agreed to conclude a Treaty of Guarantee for a further period of five years.

The present Protocol shall be communicated to the League of Nations (Covenant of the League of Nations).

The present Protocol shall be ratified at the same time as the treaty, and the ratifications thereof shall be exchanged at Warsaw as soon as possible.

In faith whereof the Plenipotentiaries have signed the present Protocol and have thereto affixed their seals.

(*b*) Treaty of Friendship between France and Rumania, signed at Paris, 10th June, 1926 [1]

The President of the French Republic and His Majesty the King of Rumania, being equally desirous of maintaining in Europe that state of peace and political stability which is essential alike for social progress and for economic prosperity in France and Rumania, firmly attached to the principle of respect for international undertakings, as solemnly reaffirmed in the Covenant of the League of Nations, desirous within the framework of that Covenant of ensuring community of action in the event of any attempt to subvert the situation established by the Treaties of which they are signatories, and convinced that it is the duty of modern Governments to prevent any recurrence of war by providing for the pacific settlement of such disputes as may arise between them, have resolved to give one another fresh guarantees of peace, goodwill, and friendship, and have agreed as follows:

Art. 1. France and Rumania mutually undertake that they will in no case attack or invade each other or resort to war against each other.

This stipulation shall not, however, apply in the case of:

(1) The exercise of the right of legitimate defence, that is to say, resistance to a violation of the undertaking contained in the first paragraph of the present Article;

(2) Action in pursuance of Article 16 of the Covenant of the League of Nations;

(3) Action as the result of a decision taken by the Assembly or Council of the League of Nations or in pursuance of Article 15, paragraph 7, of the Covenant of the League of Nations, provided that in this last event the action is directed against a State which was the first to attack.

Art. 2. In view of the undertakings entered into in Article 1 of the present Treaty, France and Rumania undertake to settle by peaceful means and in the manner laid down herein all questions of every kind which may arise between them and which it may not be possible to settle by the normal methods of diplomacy. Any question with regard to which

[1] Text, translated by the League of Nations, reprinted from *League of Nations Treaty Series*, vol. lviii. Ratifications of the treaty were exchanged on the 8th November, 1926.

the Parties are in conflict as to their respective rights shall be submitted to judicial decision, and the Parties undertake to comply with such decision.

All other questions shall be submitted to a conciliation commission. If the proposals of this commission are not accepted by the two Parties, the question shall be brought before the Council of the League of Nations, which will deal with it in accordance with Article 15 of the Covenant of the League.

The detailed arrangements for effecting such peaceful settlement are the subject of a special Convention signed this day.

Art. 3. The French and Rumanian Governments undertake, subject to any resolutions that may be passed by the Council or Assembly of the League of Nations, to consult each other in all matters which may threaten the external security of France or Rumania or which may tend to subvert the situation created by the Treaties of Peace of which both Parties are signatories.

Art. 4. If, notwithstanding the sincerely peaceful intentions of the French and Rumanian Governments, France or Rumania should be attacked without giving provocation, the two Governments will immediately consult one another as to the action to be taken by each Party within the framework of the Covenant of the League of Nations, with a view to safeguarding their legitimate national interests and maintaining the order established by the treaties of which both Parties are signatories.

Art. 5. The High Contracting Parties agree to concert their policy in the event of any modification or attempted modification of the political status of the countries of Europe and, subject to such resolutions as may be passed in the matter by the Council or the Assembly of the League of Nations, to confer with one another concerning the attitude to be observed in such an event by each Party.

Art. 6. The High Contracting Parties declare that nothing in the present Treaty shall be interpreted as contrary to the provisions of the existing treaties, signed by France or by Rumania, which concern the policy of those countries in Europe. They undertake to consult one another on all questions of European policy with a view to co-ordinated action in the cause of peace, and for this purpose to inform one another in future of any treaties or agreements on this same subject which they may conclude with third Powers and they further undertake that such treaties or agreements shall always be consistent with the maintenance of peace.

Art. 7. No provision in this Treaty shall be interpreted or applied in a manner prejudicial to the rights or obligations of the High Contracting Parties under the Covenant of the League of Nations.

Protocol.

On signing the Treaty concluded this day with the Government of the French Republic, the Plenipotentiary of His Majesty the King of Rumania declares on behalf of his Government that Rumania, whose sole desire it is to work for the development of her internal resources in a spirit of peace and respect for treaties and subject to the maintenance of the *status quo*, confirms the declarations made at the Genoa Conference on May 17, 1922, at the fifth meeting of the First Commission by M. I. Bratiano, the President of the Rumanian Delegation, concerning a permanent under-

taking of non-aggression as towards Russia, based upon the *status quo*. Rumania is prepared to extend this undertaking to all her neighbours.

Rumania interpreted the said undertaking as prohibiting her from making an attack on Russia with her regular forces and similarly from allowing irregular troops to be trained on her territory for purposes of an attack on Russia.

The French Plenipotentiary, on behalf of his Government, hereby takes note of the above declaration.

(*c*) Treaty of Friendship between Italy and Rumania, signed at Rome, 16th September, 1926 [1]

His Majesty the King of Italy and His Majesty the King of Rumania, being animated by the desire to strengthen the ties of friendship existing between their two countries; being anxious to assure general peace and the security of their peoples and to consolidate the political stability necessary to the moral and economic restoration of Europe; being resolved, with this end in view, to maintain the juridical and political international order; being desirous of giving to their peoples complementary guarantees within the framework of the Covenant of the League of Nations; being inspired by the principles established by the Treaty of Locarno: have agreed to conclude the present pact of friendship and cordial collaboration, the natural consequence of the friendship existing between their two countries and of their mutual interests, and, with this object, have nominated as their plenipotentiaries [names omitted] who, having taken cognizance of their full powers, found in good and proper form, have agreed upon the following articles:

Art. 1. The High Contracting Parties undertake reciprocally to lend each other their mutual support and cordial collaboration with a view to the maintenance of the international order and to respect for, and execution of, the obligations laid down in the treaties of which they are signatories.

Art. 2. In the event of international complications, and if the High Contracting Parties agree that their common interests are or may be threatened, they undertake to consult together on the measures to be taken in common for the protection of those interests.

Art. 3. In the event of the security and interests of one of the High Contracting Parties being menaced as a consequence of violent incursions from without, the other party undertakes to give, together with its benevolent collaboration, its political and diplomatic support with the object of contributing towards the removal of the external cause of this menace.

Art. 4. The High Contracting Parties undertake to submit to a procedure of conciliation or arbitration questions which may arise between them or which they may not have been able to solve by ordinary diplomatic means. The details of this procedure for pacific regulation shall form the subject of a special convention to be concluded as soon as possible.

Art. 5. The present treaty shall remain in force for five years and may be denounced or renewed one year before its expiration.

[1] Translated from the Italian text printed in *L'Europa Orientale*, October–November, 1926.

Art. 6. The present treaty shall be ratified and the ratifications shall be exchanged at Rome. It shall come into force immediately after the exchange of ratifications. In faith whereof the respective plenipotentiaries have signed it in duplicate and have thereto affixed their seals.

Protocol.

With reference to the pact of friendship and cordial collaboration which has been signed to-day, the Royal Italian Government and the Royal Hungarian Government, being desirous of strengthening the economic ties existing between Italy and Rumania, have decided to proceed to the appointment of a Mixed Commission to examine the practical means for attaining this end.

V. China

(*a*) British Memorandum on China communicated by H.M. Chargé d'Affaires at Peking on the 18th December, 1926, to the Representatives of the Washington Treaty Powers; together with a memorandum communicated to the United States Embassy in London on the 28th May, 1926

1. For some time past His Majesty's Government have watched with growing anxiety the situation in China, and they believe that this anxiety will be shared by the Governments of the interested Powers. Five years ago the Powers assembled at Washington, and, taking into consideration the circumstances then existing in China, they agreed among themselves, in conjunction with the representatives of the Chinese Government, that their future policy should be guided by certain general principles designed to safeguard the integrity and independence of China, to promote her political and economic development and the rehabilitation of her finances. It was agreed to grant her certain increases on her treaty tariff in order to provide the revenue required for these purposes. It was further agreed that a commission should examine the question of extra-territoriality with a view to amending the system now in force by the elimination of abuses and accretions and by the removal of unnecessary limitations on China's sovereignty.

2. Unfortunately the Tariff Conference did not meet for four years, and during that period the situation had greatly deteriorated. During a succession of civil wars the authority of the Peking Government had diminished almost to vanishing point, while in the south a powerful Nationalist Government at Canton definitely disputed the right of the Government at Peking to speak on behalf of China or enter into binding engagements in her name. This process of disintegration, civil war, and waning central authority continued with increased acceleration after the Tariff Conference had met until eventually the Conference negotiations came to an end because there was no longer a Government with whom to negotiate.

3. The Commission on Extra-territoriality has meanwhile completed its labours and presented its report, but here, again, we are faced with a similar difficulty due to the disintegration of China. The recommendations contained in the report, while suggesting certain reforms capable of being carried into immediate effect, presuppose for their full execution the

existence of a Government possessing authority to enter into engagements on behalf of the whole of China.

4. During all these civil wars it has been the consistent policy of His Majesty's Government to abstain from any interference between the warring factions or rival Governments. Despite the disorders which civil war engenders and the grievous losses inflicted on the vast commercial interests, both Chinese and foreign, His Majesty's Government have declined to associate themselves with any particular faction or to interfere in any way in the civil commotions. His Majesty's Government believe that the Powers have adopted a similar attitude and that this is and will continue to be the only right attitude to maintain.

5. The situation which exists in China to-day is thus entirely different from that which faced the Powers at the time they framed the Washington treaties. In the present state of confusion, though some progress has been made by means of local negotiation and agreements with regional Governments, it has not been possible for the Powers to proceed with the larger programme of treaty revision which was foreshadowed at Washington or to arrive at a settlement of any of the outstanding questions relating to the position of foreigners in China. The political disintegration in China has, however, been accompanied by the growth of a powerful Nationalist movement, which aimed at gaining for China an equal place among the nations, and any failure to meet this movement with sympathy and understanding would not respond to the real intentions of the Powers towards China.

6. His Majesty's Government, after carefully reviewing the position, desire to submit their considered opinion as to the course which the Washington Treaty Powers should now adopt. His Majesty's Government propose that these Governments shall issue a statement setting forth the essential facts of the situation; declaring their readiness to negotiate on treaty revision and all other outstanding questions as soon as the Chinese themselves have constituted a Government with authority to negotiate; and stating their intention pending the establishment of such a Government to pursue a constructive policy in harmony with the spirit of the Washington Conference but developed and adapted to meet the altered circumstances of the present time.

7. His Majesty's Government propose that in this joint declaration the Powers should make it clear that in their constructive policy they desire to go as far as possible towards meeting the legitimate aspirations of the Chinese nation. They should abandon the idea that the economic and political development of China can only be secured under foreign tutelage, and should declare their readiness to recognize her right to the enjoyment of tariff autonomy as soon as she herself has settled and promulgated a new national tariff. They should expressly disclaim any intention of forcing foreign control upon an unwilling China. While calling upon China to maintain that respect for the sanctity of treaties which is the primary obligation common to all civilized States, the Powers should yet recognize both the essential justice of the Chinese claim for treaty revision and the difficulty under present conditions of negotiating new treaties in place of the old, and they should therefore modify their traditional attitude of rigid insistence on the strict letter of treaty rights. During this possibly very prolonged period of uncertainty the Powers can only, in the view of His

Majesty's Government, adopt an expectant attitude and endeavour to shape developments so far as possible in conformity with the realities of the situation so that ultimately, when treaty revision becomes possible, it will be found that part at least of the revision has already been effected on satisfactory lines. It would therefore be wise to abandon the policy of ineffective protest over minor matters, reserving protest—which should then be made effective by united action—only for cases where vital interests are at stake. Every case should be considered on its merits and the declaration should show that the Powers are prepared to consider in a sympathetic spirit any reasonable proposals that the Chinese authorities, wherever situated, may make, even if contrary to strict interpretation of treaty rights, in return for fair and considerate treatment of foreign interests by them. The declaration should show that it is the policy of the Powers to endeavour to maintain harmonious relations with China without waiting for or insisting on the prior establishment of a strong Central Government.

8. It is the earnest hope of His Majesty's Government that the Powers will agree to adopt the principles of the policy outlined above and apply them to the realities of the present situation. Certain recommendations in the report of the Commission on Extra-territoriality referred to in paragraph 3 above and certain other reforms not covered by that commission's report but falling under the general heading of extra-territoriality can be carried into effect even in present conditions without great delay. There is, however, one step of more immediate importance which in the opinion of His Majesty's Government the Powers should agree to take at once. His Majesty's Government believe that an endeavour should be made to undo the evil results which have flowed from the failure of the Tariff Conference to implement the promises as to tariff increases made by the Powers to China nearly five years ago, and they propose, therefore, that the Powers should agree to the immediate unconditional grant of the Washington surtaxes.

9. By the China Customs Treaty signed at Washington on February 6, 1922, the Powers promised to grant China certain tariff increases (commonly known as the Washington surtaxes) 'for such purposes and subject to such conditions' as the special conference might determine. That special conference is the Tariff Conference which, after a delay of nearly four years, met in Peking on October 26, 1925, and has now to all intents and purposes definitely failed. The promised surtaxes have not been granted. The foreign delegations were not satisfied with the assurances which the Chinese delegation offered at the session of March 18 as to the purposes to which the Chinese Government would themselves devote the proceeds of the surtaxes. They were prepared to grant them only upon conditions which ensured that the proceeds would be placed under foreign control and applied—in great part—to the liquidation of the unsecured debt.

10. From the very outset His Majesty's Government were opposed to the question of the unsecured debt being dealt with by the Tariff Conference at all, and they frankly expressed this view in a confidential memorandum communicated to the Consortium Powers early in 1923. They foresaw that it might defeat the intentions of the Washington Conference, which were to assist the economic and political development of

China and to relax—not to tighten—foreign control. They held that, the object of the concessions proposed at the Washington Conference being to benefit China, the principal purposes to which the customs surtax should be devoted ought to be productive objects, such as railway construction, and social or economic reforms which would be a permanent benefit to China as a whole. The most promising of these reforms was in their opinion the abolition of *li-kin*, which, moreover, was expressly contemplated in the treaty itself.

11. It has been argued that debt consolidation would also be a permanent benefit to China because it would restore China's credit. This argument would doubtless be valid if there were a Government in effective control of the whole country, but in China to-day debt consolidation could only enable the faction which happened to be in power in Peking to resort to fresh ruinous and unproductive borrowing. His Majesty's Government were therefore opposed to making the consolidation of the unsecured debt one of the purposes to be attained by the Tariff Conference, although their own nationals were directly interested in the funding of some of these debts.

12. A further objection to the inclusion of the unsecured debt among the subjects to be dealt with at the Tariff Conference was brought into relief by the grant in principle of tariff autonomy. That raised at once in acute form the question of control over customs revenues. His Majesty's Government viewed with grave misgiving the proposal that foreign control should be extended over additional revenues which might be increased by tariff autonomy. In 1921 it was natural that the Powers should demand guarantees for the due fulfilment of the benevolent purposes which the Washington Conference aimed at achieving. But what might have been practicable in 1921 was no longer possible in 1926. It was obvious that China would not now submit to any extension of foreign control either for debt consolidation or for the abolition of *li-kin*, and it seemed to His Majesty's Government that for the Powers to unite in an attempt to impose control upon an unwilling China would be entirely opposed to the spirit of the Washington treaties, and to the policy which His Majesty's Government had consistently advocated. At the same time His Majesty's Government felt that it was essential that the Washington promises, so long overdue, should be implemented. Accordingly, on May 28 last, in reply to an inquiry from the United States Government as to the attitude of His Majesty's Government towards the Tariff Conference, they proposed in a memorandum, copy of which is annexed hereto, that the Powers should abstain from any attempt to exact guarantees or conditions, but should forthwith authorize the levy of the surtaxes.

13. Owing to the collapse of the conference no action on this proposal was possible. The situation, however, suddenly developed in the very direction which was anticipated when the proposal was made. The Cantonese did, in fact, seize the Washington surtaxes by levying, in defiance of the treaties, certain additional taxes on the foreign trade of the port. His Majesty's Government have with much reluctance joined in the protest against the new taxes for the sake of maintaining solidarity with the Powers, but they are not satisfied that this is the right policy for the present situation. They regret that they did not more insistently press their views at an earlier stage of the conference, but they think that it is still not too late, despite the protest already made, to return to the alterna-

tive course proposed in the memorandum of May 28. His Majesty's Government therefore strongly urge that the Powers should now authorize the immediate levy of the Washington surtaxes unconditionally throughout China. They hope that this may provide a basis for regularizing the position at Canton.

14. The principal objection that will probably be made to this proposal is that in strict logic it would amount to condoning a breach of treaty. This argument, however, does not sufficiently take into account the realities of the situation. The basic facts of the present situation are that the treaties are now admittedly in many respects out of date, and that in any attempt to secure revision the Chinese are confronted on the one hand with the internal difficulty of their own disunion and on the other with the external difficulty of obtaining the unanimous concurrence of the Powers. The latest instance of this is the failure of the attempt to alter the tariff of 1858. His Majesty's Government attach the greatest importance to the sanctity of treaties, but they believe that this principle may best be maintained by a sympathetic adjustment of treaty rights to the equitable claims of the Chinese. Protests should be reserved for cases where there is an attempt at wholesale repudiation of treaty obligations or an attack upon the legitimate and vital interests of foreigners in China, and in these cases the protests should be made effective by the united action of the Powers.

15. His Majesty's Government have consistently carried out the obligation of full and frank consultation imposed on all the Powers alike by article 7 of the Nine-Power Pact, and it has been their constant aim—sometimes even when this involved a sacrifice of their own opinion—to maintain the solidarity of the Powers. It is in pursuance of this aim that His Majesty's Government are now communicating to the Powers this statement of the principles by which they believe that policy should be guided in future. They feel assured that the Powers will share the anxiety of His Majesty's Government to act towards China in the spirit which inspired the Washington treaties, and it is their earnest hope that the Powers will agree that that spirit cannot better be fulfilled than by adopting the policy which is now presented for their consideration.

16. It seems to His Majesty's Government that the first step towards the carrying of this new policy into effect should be the immediate unconditional grant of the Washington surtaxes. Lest it be supposed that the grant of the surtaxes might favour one faction at the expense of the others and so provide a further incentive to civil war, His Majesty's Government deem it important to point out that, as no conditions would be attached to the grant, the proceeds of the surtaxes would not necessarily be remitted by the commissioners of customs to the custodian banks at Shanghai. It would in each case be for the competent Chinese authorities to decide all questions as to the disposition and banking of these additional revenues. His Majesty's Government would be glad to learn at the earliest possible moment whether the Powers agree to the unconditional grant of the Washington surtaxes.

Annex: Memorandum communicated to the United States Embassy, 28th May, 1926

1. His Majesty's Government have received through the United States Embassy in London a message from the United States Government in-

quiring whether His Majesty's Government endorse the attitude ascribed to the British delegation at Peking of desiring to abandon the negotiations at Peking and break up the Tariff Conference; and expressing the hope that His Majesty's Government will continue to co-operate with the other interested Powers in bringing to a conclusion the task which was begun last October.

2. His Majesty's Government desire to assure the United States Government that the report received by them that the British delegation desire to withdraw from the negotiations at Peking appears to be based on a complete misunderstanding. His Majesty's Government have no intention whatever of breaking up the Tariff Conference. It is true that the question has been considered whether at the present juncture it might not be convenient to arrange a brief suspension of the conference over the summer months. It was realized, however, that in existing circumstances suspension of the conference might prove to be more prolonged than was intended, and in order to prevent the possibility of misunderstanding as to the sincerity of the Powers, His Majesty's Government considered it to be of the greatest importance that, before even such a brief suspension as above contemplated took place, there must first be a complete liquidation of the promises made at Washington.

3. The British delegation at Peking fully shared this view, and appreciated the prime necessity of liquidating the Washington Treaty. A considerable interchange of views has, however, taken place between the Foreign Office and the delegation in regard to the proceedings of the conference on the subject of the unsecured debt; and it is probable that the misunderstanding to which reference is made above has arisen in consequence of the attitude which the delegation has been instructed to take on this matter, and which was formally stated by the chief British delegate at the meeting at the Netherlands Legation on May 6.

4. The United States Government will no doubt recollect that His Majesty's Government were from the first averse to the imposition on the Chinese Government of any scheme of consolidation of the unsecured debt as part of the work of the Tariff Conference, and that they only agreed later and with great reluctance to the discussion of any such scheme at the conference. If the schemes of the foreign delegations for the consolidation of the unsecured debt should postulate too strict a control over China's customs revenues (shortly to be increased by tariff autonomy) His Majesty's Government are afraid that a dangerous deadlock may arise, for the discussions on this subject show that the Chinese, though willing to bind themselves to devote a proportion of their revenues to the unsecured debt, have declined to allow the details of debt consolidation to be dealt with by the Tariff Conference, and will refuse to submit to any extension of foreign control—for that or any other purpose—over China's customs revenues.

5. His Majesty's Government, after full consideration and prolonged consultation with their delegation in Peking, have come to the conclusion that, while they are ready to agree to any reasonable scheme for dealing with the unsecured debt put forward by the Chinese and agreed to by the other Powers, it would not be right to associate themselves with any attempt to force upon the Chinese a greater degree of foreign control over the revenues required for that purpose than they are prepared voluntarily

to concede. A policy involving increase of foreign control, and capable of being regarded as an encroachment on that sovereignty and independence of China which the Powers agreed at Washington to respect, is so fundamentally opposed to the traditional policy of the United States towards China that His Majesty's Government are disposed to believe that the State Department will share their anxiety on this subject.

6. It is true that His Majesty's Government originally desired to exact proper guarantees from China in regard to the abolition of *li-kin* as a condition precedent to the grant of the Washington surtaxes, but they have come to the conclusion that, in the altered circumstances and changed atmosphere of to-day, any attempt to insist upon guarantees against the will of the Chinese Government would only result in postponing indefinitely the liquidation of the Washington promises. They are as anxious as the United States Government fully to implement these promises at the earliest possible moment, and believe that it would be contrary to the intentions of both Governments, both at and subsequent to the Washington Conference, to subordinate the fulfilment of these promises to the imposition upon China of a scheme for the consolidation of her unsecured debt and extension of foreign control over her customs revenues. Any failure to implement the Washington Treaty might create a very dangerous situation, and His Majesty's Government now therefore hold the view that if any reasonable satisfactory assurances are given by the Chinese Government as to the use which it proposes to make of the new revenues the Powers should accept such assurances, abstain from any attempt to impose control or exact guarantees, and forthwith authorize the levy of the surtaxes. They feel confident that a policy, so closely in accord with the friendship and generosity always displayed by the United States of America towards the people of China, will receive the full and cordial support of the United States Government.

(*b*) Proposed Measures for Treaty Modification communicated by the British Government to Mr. Chen at Hankow on the 27th January, and to Dr. Koo at Peking on the 28th January, 1927

1. His Majesty's Government are prepared to recognize the modern Chinese law courts as the competent courts for cases brought by British plaintiffs or complainants and to waive the right of attendance of a British representative at the hearing of such cases.

2. His Majesty's Government are prepared to recognize the validity of a reasonable Chinese nationality law.

3. His Majesty's Government are prepared to apply as far as practicable in British courts in China the modern Chinese Civil and Commercial Codes (apart from Procedure Codes and those affecting personal status) and duly enacted subordinate legislation as and when such laws and regulations are promulgated and enforced in Chinese courts and on Chinese citizens throughout China.

4. His Majesty's Government are prepared to make British subjects in China liable to pay such regular and legal Chinese taxation, not involving discrimination against British subjects or British goods, as is in fact imposed on and paid by Chinese citizens throughout China.

5. His Majesty's Government are prepared as soon as the revised

Chinese Penal Code is promulgated and applied in Chinese courts to consider its application in British courts in China.

6. His Majesty's Government are prepared to discuss and enter into arrangements, according to the particular circumstances at each port concerned, for the modification of the municipal administrations of British concessions so as to bring them into line with the administrations of the special Chinese administrations set up in former concessions *at Hankow* or for their amalgamation with *neighbouring concessions or* former concessions now under Chinese control or for the transfer of police control of the concession areas to the Chinese authorities.

7. His Majesty's Government are prepared to accept the principle that British missionaries should no longer claim the right to purchase land in the interior, that Chinese converts should look to Chinese law and not to treaties for protection, and that missionary, educational and medical institutions will conform to Chinese laws and regulations applying to similar Chinese institutions.

Note 1.

When communicating these proposals to Mr. Chen at Hankow on the 27th January, Mr. O'Malley prefaced them with the following paragraph:

> 'When a satisfactory settlement has been reached in respect to the British concessions at Hankow and Kiukiang, and when assurances have been given by the Nationalist Government that they will not countenance any alteration except by negotiation of the status of the British concessions and international settlements, His Majesty's Government will be prepared to concede at once and on the lines indicated in the enclosure hereto a part of what is desired of them by the Chinese Nationalist party. So liberal and generous a step cannot in their view be regarded otherwise than as an earnest of the fair and conciliatory spirit with which they are animated.'

Note 2.

The words in italics in paragraph 6 were omitted from Mr. Lampson's communication to Dr. Koo.

(*c*) The Rendition of the Shanghai Mixed Court

(i) *Provisional Agreement for the Rendition of the Shanghai Mixed Court, 31st August,* 1926[1]

1. (i) The Kiangsu Provincial Government in place of the Mixed Court in the International Settlement at Shanghai will establish the Shanghai Provisional Court. With the exception of cases which in accordance with the treaties involve the right of Consular jurisdiction, all civil and criminal cases in the Settlement shall be dealt with by the said Provisional Court.

(ii) All laws, including laws of procedure, and ordinances applicable at the present time in other Chinese Courts as well as those that may be duly enacted and promulgated in the future shall be applicable in the Provisional Court, due account being taken of the terms of the present agreement and of such established rules of procedure of the Mixed Court as shall be hereafter agreed upon.

(iii) In criminal cases which directly affect the peace and order of the International Settlement, including contraventions of the Land Regula-

[1] Reprinted from the *United States Daily*, 22nd April, 1927.

tions and Bye-Laws of the International Settlement, and in all criminal cases in which the accused is in the employ of a foreigner having extraterritorial rights, the Senior Consul may appoint a Deputy to sit with the Judge to watch the proceedings. The concurrence of the Deputy shall not be necessary for the validity of the judgment, though he shall have the right to record his objections; he shall not, however, put any question to the witnesses or prisoners without the consent of the judge.

(iv) All summonses, warrants and orders of the Court shall be valid after they have been signed by a Judge. All such summonses, warrants and orders shall be numbered for record by the Chief Clerk before service. When the summons, warrant or order is to be executed on premises occupied by a foreigner having extraterritorial rights, the Consul or other appropriate official of the Power concerned shall on presentation affix his counter-signature without delay.

(v) In cases in which a foreigner having extraterritorial rights on the Shanghai Municipal Council is the Plaintiff in a civil action and in criminal cases in which a foreigner having extraterritorial rights is the complainant, the Consul of the nationality concerned or the Senior Consul may send an official to sit jointly with the Judge in accordance with the provisions of the treaties.

(vi) A Court of Appeal shall be established in connexion with the Provisional Court to deal with criminal cases which directly affect the peace and order of the Settlement and with mixed criminal cases. The President of the Provisional Court shall act concurrently as President of the Court of Appeal. No appeal shall be allowed in cases in which the penalty is below the maximum imprisonment of the fifth degree nor in cases under the Land Regulations and Bye-Laws of the International Settlement.

In all cases in which a Senior Consul's Deputy sat in the original hearing a different Deputy shall sit in the appeal, appointed in the same way and having the same rights as the original Deputy. In the same way a different Consular Official shall sit in the appeal in mixed criminal cases.

(vii) The President and Judges of the Provisional Court as well as the Judges of the Court of Appeal shall be appointed by the Kiangsu Provincial Government.

2. In cases involving imprisonment for ten years or more and in cases involving the death penalty, the Provisional Court shall report the same to the Kiangsu Provincial Government for approval. In cases in which the Provincial Government refuses its approval, the Provincial Government shall give its reasons and order the Provisional Court to rehear the case and again submit the judgment to the Provincial Government. All criminal cases in which the infliction of the death penalty has been approved shall be remitted to the Chinese Authorities outside the Settlement for the execution of such penalty. Inquests and autopsies (Chien Yen) in the settlement shall be held jointly by the Judges of the Provisional Court and the Deputies appointed by the Senior Consul.

3. The prisons attached to the Provisional Court, with the exception of the House of Detention for civil cases and the Women's Prison which are to be separately provided for, shall be under the charge of the Municipal Police specially detailed for the purpose, but they shall be operated as far as practicable in conformity with the Chinese Prison Regulations and subject to the supervision of the Court. The President of the Provisional

Court shall appoint a visiting Committee, which shall include a Deputy of the Senior Consul to make investigations from time to time, and if it is considered that there are any respects in which the control over the prisoners is unsatisfactory, the same shall be reported to the Court, whereupon the Municipal Police shall be charged by the Court to make the necessary rectification which the said Police shall carry out without delay.

4. All summonses, warrants and orders issued by the Court shall be executed by the Judicial Police who shall be detailed for this duty by the Municipal Police and be directly responsible to the Court in the execution of their duties as judicial police. The Municipal Police shall render full and prompt assistance in such matters as may be requested of, or entrusted to, them by the Court, and when the Municipal Police arrest any person, he shall, within twenty-four hours, exclusive of holidays, be sent to the Court to be dealt with, failing which he shall be released.

5. In all mixed civil cases where there has been a Consular Official sitting jointly with the Judge, the appeal shall be made to the Office of the Commissioner for Foreign Affairs, acting with the Consul concerned according to the Provisional Court for retrial by a different judge, the original Consular Official being also changed. In the event of a disagreement between the Commissioner for Foreign Affairs and the Consul in respect of the appeal in a case which has been retried, the judgment given at the retrial shall stand.

6. The financial affairs and such administrative work of the Court as shall be determined by a joint commission shall be entrusted to a Chief Clerk who shall be recommended by the Senior Consul and appointed by the Provincial Government on the receipt of a petition from the Court. He shall be subject to the supervision and orders of the President of the Court and shall have charge of the staff and exercise proper supervision over the Court finances. If the Chief Clerk is found to be incompetent or remiss in his duty the President of the Court may reprimand him, and if necessary remove him from office with the consent of the Senior Consul.

7. The foregoing six articles, forming the Provisional Agreement for the rendition of the Mixed Court to the Kiangsu Provincial Government, shall be in force for three years, dating from the day on which the Mixed Court is handed over. Within this period the Chinese Central Government may at any time negotiate with the Foreign Ministers concerned in Peking for a final settlement, which, if agreed upon between the Chinese Central Government and the said Foreign Ministers, shall replace the present Provisional Agreement. If at the end of three years no final settlement has been reached in Peking, the present Provisional Agreement shall continue to be in force for another three years. At the end of the first three years, however, the Kiangsu Provincial Government may propose any modifications of the present Agreement provided that notice is given six months before the expiration of the first period of three years.

8. The present Provisional Agreement shall in no way bind the Chinese Central Government in any future discussion between it and the foreign Governments with regard to the abolition of extra-territoriality.

9. The date on which rendition of the Mixed Court shall take place under the above Provisional Agreement shall be fixed by an exchange of notes to take place between the representative of the Kiangsu Provincial Government and the Senior Consul.

(ii) *Note from Mr. Aall, Consul-General for Norway and Senior Consul, to Dr. Ting and Mr. Hsu Yuan, Representatives of the Kiangsu Provincial Government, 31st December, 1926* [1]

Messieurs.—In accordance with Article 9 of the Provisional Agreement for the Rendition of the Shanghai Mixed Court signed on 31st August, 1926, I have the honour to inform you that in my capacity as Senior Consul I am now authorized by my colleagues to suggest that the rendition should take place on the 1st day of January, 1927, and at the same time to invite your confirmation of the following understanding with regard to certain points arising under the said Agreement.

It is understood that the Chinese translation of the term 'Court' after rendition shall be 'Fa Yuan' instead of 'Fa T'ing'.

It is understood that the establishment of the Shanghai Provisional Court provided for in Article 1 (i) in no way affects the validity of the judgments rendered in the past by the Mixed Court. These judgments are recognized as valid and final in all cases except in those civil cases in which

(*a*) the right of Appeal has been reserved and judgment has remained unexecuted;

(*b*) judgment has been given in default and has remained unexecuted.

In both these classes of cases an Appeal or retrial under the procedure of the Provisional Court shall be allowed.

It is further understood that the Kiangsu Provincial Government shall place the judgments of the Mixed Court up to the date of rendition, and the judgments of the Provisional Court from the date of rendition on exactly the same footing in respect of validity as the judgments of all other Chinese Courts functioning within the said province.

It is understood that the competence of the Court as described in Article 1 (i) includes also

(*a*) Mixed Criminal cases arising on foreign vessels within harbour limits.

(*b*) Mixed Criminal cases arising on foreign property, including Municipal roads outside the limits of the Settlement but within the districts of Shanghai and Paoshan, provided always that this understanding shall not operate to preclude further negotiations regarding the status of such roads.

(*c*) Mixed Civil cases arising in the surrounding areas within the districts of Shanghai and Paoshan.

It is further understood that the respective jurisdictions of the Mixed Courts of the French and International Settlements remain as defined in the Provisional Agreement of 28th June, 1902.

It is understood that the words 'Without delay' in the last sentence of Article 1 (iv) shall be interpreted as meaning in conformity with the provisions of the treaties.

It is understood that the Bye-Laws of the International Settlement mentioned in Article 1 (iii) and (vi) include all Bye-Laws in force at the date of rendition and that all future Bye-Laws will as a matter of course

[1] Reprinted from the *United States Daily*, 22nd April, 1927. Further notes between the Senior Consul and the Kiangsu Provincial Government, dealing with minor technical points, were exchanged on the 27th November, 24th and 31st December, 1926, 4th, 6th, and 7th January, 1927. The text of these notes will be found in the *United States Daily*, 22nd and 23rd April, 1927.

be communicated to the Chinese authorities for the information of the Provisional Court.

With reference to Article 1 (v) it is understood that in criminal cases where the citizen of a nation without extra-territorial rights is an accused and the citizen of a nation with those rights is a complainant, the case shall be tried in the Provisional Court and a Consular Official belonging to a third nation shall be asked by the Court to attend the trial in order to watch the proceedings.

It is understood that in order to conform as closely as possible with judicial practice in other Chinese Courts the provision that 'no appeal shall be allowed in cases in which the penalty is below the maximum imprisonment of the fifth degree' contained in Article 1 (vi) shall as an experiment not be enforced during the first year after the rendition of the Mixed Court, at the end of which period the Provisional Court shall be empowered to decide whether it is desirable to enforce the provision in question.

With reference to Article 1 (vii) it is understood that the names of the President and Judges of the Provisional Court and Court of Appeal shall as a matter of course be communicated on appointment to the Senior Consul.

It is understood that the provision in Article 2 that in cases involving imprisonment for ten years or more, the Provisional Court shall report the same to the Kiangsu Provincial Government for approval, shall not be enforced during the first year after the rendition of the Mixed Court, at the end of which period the Provincial Government shall decide whether it is desirable to enforce the provision in question.

It is understood that Chinese Civil cases part heard or already on the Hearing List at the date of rendition shall be dealt with as follows:

(*a*) Cases in which foreign lawyers appear on the record as representing one or other of the parties shall be placed on a special Hearing List, and the lawyers named on the record shall be permitted to appear in these cases in the Court of First Instance only for a period of 12 months from date of rendition, within which period all such cases shall be concluded. The Court may, however, exercise its discretion to extend this period when the circumstances in any case so warrant.

(*b*) Cases in which no foreign lawyers appear on the record shall be dealt with in accordance with the ordinary procedure of the Provisional Court.

It is understood that foreign lawyers shall be permitted to appear for either party in all cases in which a Consular Official sits with the Chinese Judge, both in First Instance and in Appeal, in addition to those cases in which temporary permission to appear has been accorded under the immediately preceding paragraph. It is further understood that foreign lawyers shall be permitted to appear for either party in all cases in which the Shanghai Municipal Council acts as prosecutor, and also in Civil cases in which a foreigner having extraterritorial rights is the plaintiff, and a foreigner without these rights is the defendant.

With reference to the last sentence of Article 7, it is understood that should the Senior Consul wish to propose any modifications, the Kiangsu Provincial Government will reciprocate by extending to these the same consideration.

I avail myself of this opportunity to renew to you the assurances of my high consideration.

N. Aall.

VI. Japanese Foreign Policy

(*a*) Speech delivered by the Japanese Minister for Foreign Affairs, Baron Shidehara, before the Imperial Diet on the 21st January, 1926

China has recently presented developments of prime importance in her national and international affairs. With the termination of the conflict between the Fengtien and Chihli forces in 1924 all the military factions were holding their own in the various parts of China and seemed weary of internecine warfare and general repose and stability reigned for a while. The Reorganization Conference last February concluded its labours with a due measure of success. The gold franc question, which had remained long an outstanding difficulty in China's external relations, was finally brought to an amiable adjustment. The deposit of ratifications by all the signatory Powers of the Nine-Power Treaties of Washington was effected on the 5th August, and the administrative reforms promised at one time to make fair progress. We have watched these peaceful and orderly developments of China with sincere gratification and in more than one instance we have extended our friendly support to the efforts of the Chinese made in that direction. Suddenly came reports last April that certain elements in China were inciting strikes in the Japanese cotton-mills at Shanghai, Tsingtao and elsewhere. Demands for better terms of employment soon developed into threats and violence against employers and police, and, following most unfortunate incidents which transpired at Shanghai towards the end of May, the agitation took the form of a political movement designed to extort from the Powers the cancellation of existing international arrangements. The disorders then rapidly spread to a great many localities. Such disturbances could no longer be regarded as a pure labour dispute. They were calculated to threaten by force the security of the lives and property of Japanese and other foreigners. We were accordingly compelled to take at once the necessary measures for the protection of our countrymen residing in the localities affected. For the settlement of international questions occasioned by these disturbances in China, we have been in communication with the Central Government and local authorities of China, either jointly or separately with other Powers interested. Some of these issues have already been successfully adjusted. What had been of still more serious concern to us was the outbreak of a new civil war in China last October. Whatever causes may have led General Sun Chuan-fang of Chekiang to rise against the Fengtien army are China's domestic affair, on which I shall reserve all comment. It is, however, known in fact that no sooner had General Sun commenced his warlike operations, than the Fengtien forces evacuated Shanghai. Notwithstanding these successive reverses of the Fengtien army in Central China, the situation in the three Eastern Provinces in the middle of November showed no appreciable signs of unrest, nor was there any indication of approaching chances that the line of battle might extend to that region. In this situation the men of the Japanese garrison in Manchuria, whose terms of active service had then expired, were recalled and discharged in accordance with the usual procedure. On the 24th November, General Kuo Sung-ling suddenly rose against his chief, Marshal Chang Tso-lin, and began a march towards

Mukden. In accepting the challenge, Marshal Chang seemed to set up his first line of defence at Lienshan, far behind the Manchurian frontier. His forces again retreated from Lienshan, without offering much resistance to the invaders, and it became increasingly evident that he had decided to stake his last fortunes on a decisive battle along the Liaoho. With these developments in view, the Commander of the Japanese garrison in Manchuria issued a warning to both opposing forces, calling their attention to the nature and scope of the duty incumbent upon the Japanese garrison. The deficiency in strength of the garrison, due to the departure of discharged soldiers in the middle of November, was originally to be supplemented in January according to the annual programme. Any prior dispatch of men in replacement was to be withheld until the last moment of absolute necessity. An entirely new situation, however, presented itself when reports from Manchuria came successively to hand from the night of the 14th December to next morning, confirming the arrival of a detachment of General Kuo's army at the opposite bank of the Yingkow. We had then seriously to consider the possibility of an impending conflict between the respective forces of Marshal Chang and General Kuo in the open Port of Yingkow. Our garrison had now to keep special watch over a zone extending from Yingkow in the south, to Tichling in the north. It became obvious that with the actual reduced strength of the garrison, satisfactory fulfilment of its mission over such an extensive zone was well-nigh impossible. It was not doubted that both Marshal Chang and General Kuo had taken due note of the warning given by the Japanese Commander, and that in their military operations they would fully respect the rights and interests of Japan. We could not, however, dismiss from our mind the apprehension that in the event of desperate engagements, lasting for several days, on all fronts, the belligerents might unconsciously be driven to the railway zone to carry on street fighting and other forms of warlike operations. It has also happened in many past instances that remnants of a defeated army, let loose from all control and discipline, have sacked towns and terrorized the population. Having regard to the imminence of such a danger, which manifested itself on the 15th December, the Government decided at once to proceed to the reinstatement of the Japanese garrison in Manchuria at its normal strength, as maintained prior to the middle of November last. With the restoration of general peace in that region, following the decisive battle of the Liaoho, the supplementary troops sent to Manchuria, in the circumstances above described, were promptly recalled to their original posts, and all emergency measures came to an end. It will thus be observed that throughout the recent civil strife in China, as in the case of the Fengtien-Chihli conflict of 1924, the Japanese Government have consistently followed the definite and settled policy, announced in the last session of the Diet. That policy has in view (1) absolute non-interference in China's domestic affairs and (2) the safeguarding of Japan's rights and interests by all legitimate means at our disposal.

There are apparently certain sections of public opinion which are swayed by prejudice in their judgment of Japan's action in Manchuria. The reinstatement of our Manchuria garrison at its pre-existing strength has been misconstrued as if it had been designed as a Fengtien army. The objection interposed by the Japanese Commander against either of the warring

parties entering Yingkow has been misrepresented as an act directed solely against General Kuo's military operations. Every occasion has been utilized to place Japan in a false light. We deplore these unfounded and unreserved accusations, and in denying them categorically, we are confident that history will be the final judge of our clear conscience. It is a matter for satisfaction that our civil and military authorities in Manchuria have successfully carried out the policy of the Government, solely in the interest of humanity to save the lives of the soldiers and adherents of the vanquished party. It is a well-known fact that Japan possesses essential rights and interests, both corporeal and incorporeal, in Manchuria and Mongolia. Of such rights and interests those that have taken tangible shape and are liable to destruction by acts of war are now mainly to be found along the line of the South Manchuria railway. In order to protect them from destruction, we have been constrained to make the necessary provision, which has duly accomplished its end. With regard to our rights and interests of an immaterial kind, they did not seem likely to be affected by the war, and we are satisfied that they have in fact remained entirely unaffected. No doubt the complete tranquillity of the whole region of the three Eastern Provinces, undisturbed by any scourge of war, is highly to be desired in the interest of the native population, as well as of the Japanese residents. It is, however, a responsibility that properly rests upon China. The assumption of that responsibility by Japan without just cause would be manifestly inconsistent with the fundamental conception of existing international relations, with the basic principles of the Washington treaties, and with the repeated declarations of the Japanese Government. By taking such a course, we would forfeit our national honour and pride. Once for all, in no case and by no means, can we be party to so improvident an action. I now turn to the subject of the special conference on Chinese Customs Tariffs, actually in session. Close observers of developments in China cannot fail to note the growing signs of political awakening among the Chinese people. Old China is disappearing, to give way to new China. Extending as we do our sincere good wishes for her healthy progress, we are not without a feeling of deep concern for the future of that nation in witnessing the tendency of certain sections of the promising young generation, who, misled by groundless reports and sinister propaganda, are easily attracted to political activities of a dangerous and destructive nature. In any case it would be a gross mistake to ignore the considerable changes that have taken place in the situation of China in recent years. Military potentates may rise or fall by fortune or war, but national consciousness, once kindled, can never be suppressed, and pressure brought to bear upon it will only make it still deeper. One phase of such self-awakening among the Chinese people has taken the form of a craving for tariff autonomy. In full realization of this situation we formulated our line of policy relating to the customs conference. As soon as the conference was opened on the 26th October, the Chinese Delegation submitted the question of tariff autonomy. Pursuant to the defined policy of the Government, the Japanese delegation expressed themselves ready to take up the question in sympathy with the position of China and in close communication with the other Powers. The manifold difficulties that had stood in the way of unanimous action were successfully overcome and on the 19th November, at a meeting of one of the Committees appointed

by the Conference, a resolution was passed on the subject of the acceptance of China's tariff autonomy. At the same time, what we have constantly in view is the co-existence and common prosperity of Japan and China. What we are seeking to attain is an adjustment fair and equal to both parties. We are confident that the Chinese people entertain no such unreasonable desire as to satisfy exclusively their own position, without any regard to whatever effects may be suffered by Japanese industry and commerce. We trust that the work of the conference will be continued and expedited as far as circumstances permit. A Commission on Extra-territoriality in China is now also in session. We have always been sympathetically disposed towards the just aspiration of the Chinese people to recover full judicial authority, and we are looking forward with keen interest to the findings and recommendations which are to be made by the Commission, conformably to the resolution of the Washington Conference.

It is gratifying to note that our relations with the Soviet Union continue to make steady progress. Contracts for concessions of oil and coal-fields concessions in Northern Saghalien were signed on the 14th December by the Russian authorities and representatives of our industrial concerns. Such results, assured as they were under the Treaty of Peking of a year ago, would not have been attained if the Soviet Government had taken no interest in the promotion of Russo-Japanese economic co-operation. We welcome the successful issue of these negotiations as a fitting testimony to the sentiments of good neighbourhood uniting the two nations. We seek no exclusive friendship with any nation: we extend honest friendship to all nations. We believe that this is the wisest course for Japan to pursue. With this end in view, we should avoid all hasty conclusions as to the intentions of other Powers, based on mere stretches of imagination, unsupported by concrete evidence. In many cases unjust suspicion and unwarranted prejudice have been at the root of serious international complications. In approaching at this juncture questions of Russo-Japanese relationship we should carefully bear in mind these considerations.

Rumours have recently been circulated, charging the Soviet Union with certain aggressive designs in North Manchuria. So far as my information extends I have discovered no ground for attaching any credence to such reports. Since the resumption of official relations between Japan and the Soviet Union a year ago, we have constantly maintained close contact with the Soviet Government and have effected frank exchanges of views and information from time to time on all questions affecting the mutual relations of the two countries. Throughout such proceedings, we have been striving to dispel all groundless misunderstanding and promote friendly intercourse between the two nations. We shall continue to use our best efforts in the same direction.

Our relations with each of the European Powers are eminently satisfactory. With none of them have we any difficulty of a nature that portends developments calculated to create apprehension. On the contrary, there is every assurance of growing friendship on all sides. Japan is not a party to the Locarno Treaties, recently signed, which are intended to regulate questions of purely European concern, but the atmosphere of confidence which these treaties are known to have inspired in the political and economic situation of Europe cannot fail to clear the way for the forward

march of the League of Nations, and to exercise a salutary influence upon the general peace and progress of the world.

We are also deeply touched by the sincerity and devoted attentions with which Prince Chichibu is being everywhere received in England, and we rejoice in the thought that the friendship between the two nations rests on a solid and enduring foundation.

For the first time in her history, Japan inaugurated last year the exchange of Ambassadors with Turkey. Determined as we are to remain an independent and disinterested third party in face of the tangled problem of Europe in the Near East, we indulge the confident hope that the sentiments of good will, fostered between the Turkish people and ours since the Ertoghrul affair of 1891, will gain in strength and solidarity, and that a new field of enterprise for Japanese industry and commerce will be opened in Turkey and in the neighbouring regions.

Turning to relations between Japan and the United States, I permitted myself in the last two sessions of the Diet to set forth the views of the Government on the subject of the so-called Japanese Exclusion Clause in the U.S. Immigration Act of 1924. I find nothing here to modify or to supplement the views then expressed, nor can a lengthy discussion of the question at this moment serve any useful purpose. I only desire to make it clear that we remain unchanged in our feelings of deep regret at that particular clause, which seems to us irreconcilable with the rules of international comity and justice. Reviewing, however, the trend of the general situation in the United States, all well-informed observers will readily agree that there has been a steady growth in recent years of appreciation and understanding of Japan by the American people. Among those who once championed the cause of anti-Japanese agitation, not a few are now openly reconciled to more moderate views. Among those who at one time took no interest in Japan, or displayed innate prejudice against her, not a few seem to-day eagerly and impartially willing to know the truth of all that relates to this country. Correct understanding is the foundation of true friendship. The general tendency now being manifested in the United States in the attitude of that nation towards Japan gives promise of a great future.

We are in perfectly agreeable relations with Mexico, as well as with the South American states. We have no plan whatever of political significance in our intercourse with any of these countries ; we feel, however, that fair opportunities are there offered for the economic enterprises of our countrymen, and it is our intention to encourage such legitimate activities as far as possible. I would add a few words with regard to this question. It is not our policy to send emigrants to any country in which they are not welcomed. Our constant desire is to supply capital or labour to undeveloped regions of the world and to promote the welfare and prosperity, not only of the emigrants themselves and of their mother country, but also of those countries in which they choose to establish their permanent homes. Towards this end we are prepared to extend our unremitting efforts. By the above explanations I hope I have made sufficiently clear the general lines of our foreign policy. In adopting that policy and in carrying it into effect, we have always made it a point not to be influenced by considerations of the momentary advantage or disadvantage to the country. The life of a nation being eternal, the ultimate goal of diplomacy must be the

lasting honour, prestige, and interests of the nation. Firm in this conviction and relying on your generous support, I shall face the heavy responsibility that rests upon me.

(*b*) Speech delivered by Baron Shidehara, Japanese Minister for Foreign Affairs, before the Imperial Diet on the 18th January, 1927

In pursuance of the precedents, I desire to offer on this occasion some observations on the developments of our foreign relations since the last session of the Imperial Diet.

The problem of great international moment, on which popular attention is now centred, is undoubtedly that which relates to the situation in China. For several years past, China has been a scene of endless civil strife. Parties in arms and theatres of war have changed in rapid succession, but no indication is yet in sight of the restoration of peace and stability in the country. In the meantime, the Southern Army, carrying high the banner which represents a definite platform of political and social reforms, has since last summer gained the upper reaches of the Yangtze, and injected a new element into the nature of the civil war in China. In opposition to that movement, various military factions hitherto holding their own in North and Central China have formed a combination known as the Army for National Security, with the result that the North and the South are actually confronting each other, both in arms and in platforms.

It is not possible, at this moment, to estimate with certainty whether and how far this course of events will affect the rights and interests of foreign Powers or nationals, or in what direction the political situation in China is likely to develop. For the present, it seems particularly advisable to remain unmoved by fragmentary or one-sided reports, and to exercise the utmost degree of circumspection and calm judgment. I may, however, venture a few observations in view of the existing condition of affairs.

In the first place, we are naturally anxious to see an early re-establishment of order and security in China. In entertaining that wish, we are actuated by our instinctive sentiments of sympathy with our neighbouring friends, and by the need of safeguarding industrial and commercial interests for our own nationals. Such desired end, however, can be attained only by the initiative efforts of the Chinese themselves. Any attempt to force domestic peace by outside pressure would do more harm than good. What we could properly do for China, and what we should do in our moral obligation to a friendly nation, would be to lend our support to and to provide full opportunity for the endeavours of the Chinese people struggling for peace. With that object in view, we have found it necessary to prohibit all supply of arms and loans to China which may be applied to purposes of civil war. Since 1919, we have been exercising the most stringent control within the limits of our power to make the prohibition effective, and we have no intention at present of relaxing such control. It seems to us evident that no foreign Power, professing the policy of non-intervention in China's domestic affairs, can, consistently with that policy, permit supply of arms or loans that would assist any one of the factions in China to carry on hostilities against another.

In the second place, it rests solely with the Chinese themselves to decide who is to assume the reins of government in China, or what internal policy

seems to them sane and wise. If such policy is suitable to the Chinese traits of character, and serves to promote the internal prosperity and international prestige of China, it will naturally gain ground in the country. If, on the contrary, it betrays those expectations, it will fall by its own weight. The national life of the Chinese people has grown up with a historical background extending for several thousand years, and amidst surroundings peculiarly their own. No plans of political or social institutions worked out by any foreign nation to suit its own convenience can be imposed upon China with any hope of lasting success. Nor can it be imagined that the Chinese will long acquiesce in foreign intervention or submit to foreign dictation. In any case, whatever institutions China may adopt for herself, it admits of no doubt that the Japanese nation, with its own history and its own ideals, has a sufficient strength of will and a full measure of capacity to defend and uphold its system of government immutable for all ages.

In the third place, our nationals in China are in any event entitled to complete protection for their persons and property. They enjoy all the guarantees of international law accepted by the whole civilized world. These elementary rights assured to our nationals cannot, in any degree, be abridged or modified by any political or social changes that may take place in China. Nor are we informed so far of any faction in that country denying such rights. Obviously, in various localities, the control over the activities of lawless elements is at present wholly inadequate, owing to the instability of the central authority responsible for the preservation of public peace. But we are not without hope that such irregularities will be gradually corrected with the restoration of normal conditions. In the meantime, we have only to keep in touch with those actually exercising authority in such locality, and to make all possible efforts to secure that due protection be extended for the persons and property of our nationals. So far these efforts have generally been attended with success.

With regard to the Special Conference on the Chinese Customs Tariff, it is sincerely to be regretted that while it was in session, the domestic disturbances in the country assumed so serious a proportion that the Chinese Delegates found themselves unable to take part in the Conference. Consequently, the Delegates of the other Powers issued a joint statement on the 3rd July last, declaring suspension of the session until duly authorized representatives shall have been applied by China to co-operate in the deliberations. Unfortunate as it was that the Conference was thus virtually adjourned, the constant labour of the participating Delegations for nearly ten months has by no means been entirely fruitless. The sincerity and determination with which all these Delegations, in full sympathy with China's position, have sought to find arrangements, fair alike to China and to the Powers, have been abundantly manifested throughout the whole session. Moreover, the results of inquiry and discussion on each of the questions submitted to the Conference cannot fail to form a valuable and fitting material for future reference. In particular, the Japanese Delegates, conscious of their nation's own experience in the past, and mindful of the trend of public sentiments in China, exerted themselves loyally and unflinchingly to help China, in concert with other Powers interested, in order that the Chinese national aspirations may be realized with the friendly understanding of the whole world. These efforts of our Delegation have

now been, it is believed, widely appreciated and have undoubtedly conduced in a large measure to the promotion of mutual confidence and goodwill between Japan and China.

Making use of this occasion, I would add a few words in explanation of the motives underlying our whole action in relation to the Conference. It will be recalled that ever since the conclusion of the Washington Treaties, we have made it a point to bring about an early meeting of the Chinese Customs Conference. When finally the meeting was convoked, we at once responded to the call with readiness and gratification. In adopting such course, we have been prompted by the genuine desire to contribute materially to the advancement of the general good of the Chinese people, in a manner reconcilable with the legitimate and essential economic interests of Japan. We have been willing to do our whole part in securing for China the international position and credit to which she is due. We have no objection to the levying of the surtaxes as provided for in the Washington Customs Treaty. But we must make it reasonably certain that such additional Customs revenue shall not be applied, directly or indirectly, to purposes of civil war, or that it shall not be appropriated for the private use of a faction or factions. We must satisfy ourselves that the proposed measure is generally in line with the letter and the spirit of the Washington Treaty. Our sense of faithfulness to China and our moral responsibilities to her four hundred millions demand that we should arrange such purposes and conditions for the levying of the surtaxes as are required to secure proper application of the revenue. Viewed in this light, an early resumption of the deliberations at the Conference seems to us highly desirable for China and for the Powers alike. Nothing would be more gratifying to us than to see responsible men both in the North and in the South appointed as members of the Chinese Delegation, and to sit side by side with them, exchanging views in honest frankness. It is not possible to anticipate if and when the Conference will meet again, but we discover nothing in the present situation which calls for reconsideration of the policy and the aims that I have defined.

The Commission on Extra-territoriality in China met for the first time on the 12th January of last year and closed its labours on the 19th September. The Report submitted by the Commission has already been made public; and in matters of detail, I would refer you to that document. The Commission has not been empowered to conclude any treaty. Nor is the Report intended to have a binding force upon any party. It is, however, of undoubted value and importance, representing as it does the results of comprehensive investigation conducted by the Commissioners of the several Powers for more than eight months in common with the Chinese Commissioner, who is himself a recognized authority on law. It contains, on the one hand, certain recommendations to the Chinese Government, and expresses the opinion that when these recommendations shall have been reasonably complied with, the several Powers would be warranted in relinquishing their respective rights of extra-territoriality. It also recommends, on the other hand, certain modifications which the Powers should make in the existing systems and practice, pending the abolition of extra-territoriality. It further suggests that such abolition may be effected, not necessarily for the whole territory of China at the same time, but according to such progressive scheme, geographical, partial or otherwise, as may be

agreed upon. The Chinese Commissioner signed the Report with the reservation that by so signing the Report, his approval of all the statements contained in Parts I, II and III was not to be implied. No such reservation was made by him with regard to the recommendations in Part IV. Those recommendations should thus be taken as a conclusion unanimously reached by all the Commissioners, including the Chinese, and we shall naturally attach to them due importance in dealing with the problem of extra-territoriality.

The proposed revision of the Commercial Treaty between Japan and China is also a question which has engaged our careful attention. The proposal of the Waichiaopu and the reply of the Japanese Government on the subject, having already been published, need not be repeated here. Taken in short, the Waichiaopu's proposal involves many legal aspects which would appear at least questionable. But approaching the subject from a wider perspective, we avoided, in our reply, all discussion of legal technicality, and declared our readiness to enter into negotiations for the treaty revision. While expressly reserving to ourselves the position to which we are entitled at law, we are prepared to consider the legitimate aspirations of the Chinese people with full sympathy and understanding, in the interest of friendly relations between the two nations. If China should meet us half-way, as I feel confident she will, in the same spirit of moderation and goodwill, I have no doubt that the negotiations will make satisfactory progress.

Our policy covering all questions in the relations between Japan and China may then be summarized as follows:

1. To respect the sovereignty and territorial integrity of China, and scrupulously to avoid all interference in her domestic strife.
2. To promote solidarity and economic *rapprochement* between the two nations.
3. To entertain sympathetically and helpfully the just aspirations of the Chinese people, and to co-operate in the efforts for the realization of such aspirations.
4. To maintain an attitude of patience and toleration in the present situation of China, and, at the same time, to protect Japan's legitimate and essential rights and interests by all reasonable means at the disposal of the Government.

Our policy so defined has already been firmly established and has constantly guided our action in all cases that have presented themselves. We are resolved to follow the same path of justice in the future as in the past.

We are happy to be able to state that the relations between Japan and the Soviet Union continue to be gratifying. We are informed that the concessions of oil and coal fields in Northern Saghalien obtained by Japanese interests in pursuance of the arrangement contained in the Peking Protocol of 1925 have been making satisfactory development without much difficulty being presented in their working. Negotiations for revision of the Fishery Convention are now in progress, and we are looking forward to their successful conclusion.

Within the two years which have elapsed since the signing of the Convention of Peking, the mutual relations of the two countries have been steadily gaining in strength, and they give great promise for the future. There are certain sections of people who seem to indulge in an alarming

speculation, as if the interests of Japan and of the Soviet Union were destined to clash in Manchuria. What are those interests which are alleged to be likely to clash? Are they political or economic? We have no aggressive policy of any kind in Manchuria or elsewhere. Our sole preoccupation is to see that peace and order are maintained in that region, and that our nationals are permitted there to engage in peaceful pursuits without molestation. We believe that in this fundamental policy, the Soviet Union does not differ from us, and that it has likewise no aggressive design in any sense, military, political, or otherwise. No possible cause can then be conceived to justify the apprehension that the political interests of the two Powers may conflict with each other. With regard to economic questions, it is obvious that the nationals of Japan and of the Soviet Union are interested in Manchuria in an important degree. Economic activities, however, must as a rule be regulated by the principles of the Open Door and of equal opportunity, and it is impossible to imagine that such peaceful undertakings may give rise to any serious complication between Japan and the Soviet Union. I have thought it fitting to add these remarks, in view of the unjustifiable pessimism that has from time to time been expressed in certain quarters on the future of our relations with the Soviet Union.

The situation in Europe seems to have been materially stabilized by the entry of Germany into the League of Nations, and by the coming into force of the Locarno Treaties. It is an event of profound significance for the growth of the League of Nations and for the progress of the whole of mankind that the nations who eight years ago were arrayed on the opposing fronts in the greatest and bitterest war in history should now forget old scores and join hands in the common cause of peace. With hearts full of hope, we welcome German participation in the League.

The Preparatory Disarmament Commission called by the League of Nations held its first sitting in May last, and has not yet completed its work. No definite date has so far been fixed for the opening of the Disarmament Conference for which the present Preparatory Commission is making preliminary arrangements, and it is premature to judge what will be achieved hereafter by what has been done up to this day on this problem. In any case, we heartily welcome and appreciate all the efforts looking to the limitation of armament, and we confidently hope that fair and practicable schemes for the purpose may be worked out in common accord.

New commercial treaties between Japan and some of the European Powers have come into force since the last session of the Imperial Diet or are actually in the course of negotiations. Otherwise, there has been no event claiming special attention in our intercourse with Europe. We rejoice in the thought that our relations with each of the nations of Europe have never been better or more satisfactory than at present. Between Japan and Great Britain, the old friendship has lost none of its strength, and cordiality by the recent termination of the Alliance. France and Italy are also our increasingly trusted and loyal friends. In our relations with Germany, all the sore places created in the late War have fast disappeared out of sight, and in their stead, sentiments of good will more pronounced than at any time before the War have now grown up. It will be our constant and agreeable task to maintain and strengthen these bonds of amity with all of the European Powers.

Turning to our relations with the United States, I regret to state that the question of discriminatory treatment against Japanese involved in the United States Immigration Act of 1924 still remains unadjusted. On the attitude which we should take on the subject, I have repeatedly addressed myself to your House on many previous occasions, and I have nothing to say at present to modify or to supplement the observations which I have then made. I should, however, point out the evident and welcome facts that on this question, as well as in all other matters of common interest to both nations, the true knowledge and sympathetic understanding of Japan in the United States have grown considerably in recent years, and that wild reports circulated at one time by a certain section of Americans, discrediting Japan's pacific intentions, are now receiving general condemnation from the enlightened public opinion in their own country. In our turn, for the correct estimation of the question, we should also fully appreciate the national institutions and conditions which characterize the United States. Mutual understanding is the first essential step towards the settlement of all international questions. I am firmly convinced that the two nations, conscious of their important missions as guardians of peace in the Pacific, will stand side by side for all time in friendly accord for the fulfilment of such responsibilities.

I would make a brief reference to the problem of the encouragement of foreign trade. Due to the general reaction following the Great War, and to the terrible seismic disaster of 1923, the economic structure of this nation has sustained a serious blow. The excess of imports over exports has assumed an alarming proportion year after year. Fortunately, with the last two years, such an adverse balance of trade has been showing signs of abatement, but the existing conditions are far from reassuring. In order to meet this situation, it is no doubt of the utmost importance for us to concentrate our attention and energy on the promotion of foreign trade, without unjust infringement upon the interests of any nation. It is not territory, but markets, that we have in view. It is not alliances, but economic solidarity, that we seek in our foreign relations. Actuated by these considerations, we called in September last a conference in which various Departments of the Government, our Diplomatic and Consular establishments abroad, and public and private organizations and commercial houses interested were all represented, to discuss questions for the encouragement of trade—hitherto comparatively neglected—with the region of the South Seas. We are gratified that the Conference has proved highly useful in bringing about mutual understanding between the Government authorities at home and abroad, and between those authorities and non-official quarters interested in the question. It has also afforded to the Government precious material for reference and guidance. While the healthy development of commerce depends mainly on the individual initiative of merchants and manufacturers, it is admittedly an important function of the Government to protect and facilitate foreign trade, and we are prepared to do whatever lies in our power in the discharge of that function.

Finally, as a fundamental principle governing our entire foreign relations, we are persuaded, as I have repeatedly observed on several occasions, that the wisest course for us to follow is to extend honest friendship to all nations. Every international question is, in its final analysis, a moral

one. We have been fortified in this belief by the Imperial Rescript of the 28th December last, in which His Majesty was pleased to exhort his subjects to show 'Beneficence to all classes of people and friendship to all the nations of the earth'. The ultimate goal of all diplomacy is unmistakably indicated in these words. Always bearing this Imperial will in mind, and, relying on your kindly co-operation, I shall strive, with whatever little ability I have, towards the great aim thus laid down in the Imperial Rescript.

VII. Chronology of Events and Treaties 1st January—31st December, 1926

Abbreviations

A.J.I.L. = *American Journal of International Law*; Cmd. = Great Britain, Parliamentary Paper; *E.N.* = *L'Europe Nouvelle*; L.N.O.J. = *League of Nations Official Journal*; L.N.T.S. = *League of Nations Treaty Series.*

Abyssinia

1926, June 9. Notes exchanged between British and Italian Governments on Dec. 14 and 20, 1925, relating to the development of their economic interests in Abyssinia, communicated to Ras Tafari Makonnen, Regent of Abyssinia, by British and Italian Ministers at Addis Abeba.

June 19. Ras Tafari sent British and Italian communications to League of Nations, together with note to be forwarded to states members protesting against Anglo-Italian agreement, which had been concluded without knowledge of Abyssinian Government.

Aug. 3. British Government sent note to League disclaiming any intention of exerting pressure on Abyssinian Government.

Aug. 7. Similar note sent by Italian Government to League.

Sept. 4. Ras Tafari sent note to League asking that all correspondence should be published (Texts: *L.N.O.J.* Nov. 1926).

Sept. 30. Commercial treaty with Netherlands signed.

Oct. 2. Agreement with Netherlands concerning diplomatic and consular officials concluded by exchange of notes.

Afghanistan

1926, Feb. 28. Russian troops, which had at end of 1925 occupied island formed by two branches of River Oxus round Darkad, in Badakshan, withdrawn pending decision of Soviet-Afghan Commission as to ownership of island, and island occupied by Afghan troops.

March 3. Treaty of friendship and commerce with Germany signed in Berlin. Ratifications exchanged on Sept. 14. Came into force same day.

Aug. 31. Treaty of neutrality and mutual non-aggression with U.S.S.R. signed at Pagnan.

Albania

1926, Jan. 19. Provisional commercial agreement with Czechoslovakia signed at Tirana.

Jan. 21. Ratifications exchanged of treaty of commerce and navigation with Italy of Jan. 20, 1924, and of establishment and consular conventions of Feb. 29, 1924.

Feb. 6. Notes exchanged with Great Britain concerning renunciation by British Government of extra-territorial and judicial rights in Albania (Text: *Cmd.* 2616).

March 8. Passport agreement with United States signed at Tirana.

June 10. Exchange of notes with Great Britain concerning commercial relations (Text: *L.N.T.S.* xliii).

June 22. Treaty of commerce and navigation with Jugoslavia initialled, together with customs, extradition, consular and frontier traffic conventions.

July 22. Extradition treaty with Great Britain signed at Tirana (Text: *Cmd.* 2929).

July 30. Final act concerning delimitation of frontiers of Albania signed at Paris by Albania, France, Great Britain, Greece, Italy, Japan and Jugoslavia.

Oct. 13. Three conventions with Greece signed: (1) commerce and navigation; (2) consular and establishment; (3) nationality; together with protocols concerning transit facilities and telegraphic and postal communications.

Nov. Revolt broke out among Catholic tribes in Northern Albania. Insurgents defeated by Government forces on Nov. 26.

Nov. 27. Treaty of friendship and security with Italy signed at Tirana. (Text: *L.N.T.S.* lx).

Dec. 5. Note to Albanian Government from Italian Government regarding interpretation of certain phrases in treaty (Text: *L.N.T.S.* lx).

Angola. See under *Belgium*, Dec. 10; *Portugal*, June 22.

Arabia

1926, Jan. 11. Wahhābī Sultan Ibn Sa'ūd proclaimed King of Hijāz at Mecca. Ibn Sa'ūd recognized as King of Hijāz by British, French and Soviet Governments before March 9.

Sept. 2. Treaty of friendship and commerce between Italy and the Yaman signed at San'a (Text: *Survey for 1925*, vol. i).

Oct. 21. Treaty signed at Mecca between Ibn Sa'ūd (Hijāz and Najd) and the Idrīsī ('Asīr) placing 'Asīr under the suzerainty of Ibn Sa'ūd (Text: *Survey for 1925*, vol. i).

Dec. 18. Agreement concluded between Hijāzī and Sudan Governments regarding telegraph cable between Port Sudan and Jiddah (Text: *Cmd.* 2845).

Argentina

1926, Feb. 1. Protocol with Paraguay concerning the utilization for industrial purposes of the Alto Panama waterfalls, signed at Washington.

March 22. Convention with Austria regarding compensation for industrial accidents signed at Buenos Ayres.

June 24. Arrangement regarding diplomatic mails concluded with Switzerland by exchange of notes of June 3 and 24.

June 29. Treaty of friendship with Turkey signed in Rome.

'Asīr. See under *Arabia.*

Australia. See under *Latvia*, Jan. 1.

Austria

1926, Jan. 1. Modified form of control of Austrian finances by League of Nations, by which Commissioner-General need no longer reside in Vienna, came into force, in accordance with Council decision of Sept. 10, 1925. On June 9, Council decided that control should terminate on June 30.

Jan. 6. Commercial treaty with Switzerland signed at Berne. Ratifications exchanged on March 1. Came into force on same day (Text: *L.N.T.S.* xlvi).

Jan. 8. Social insurance agreement with Germany signed. Ratifications exchanged on Aug. 17. Came into force on Sept. 1.

Jan. 21. Agreement with United States concerning passport visas signed at Vienna.

Feb. 6. Agreement with Norway signed modifying commercial agreement of Dec. 3, 1924. Ratifications exchanged on Sept. 16. Came into force on Sept. 26.

Feb. 8. Ratifications exchanged of commercial convention with Czechoslovakia of July 27, 1925. Came into force on Feb. 18.

Feb. 18. Special telegraph convention with Switzerland signed at Vienna on Dec. 18, 1925, and at Berne on Feb. 18, 1926.

March 4. Ratifications exchanged with Rumania of juridical convention of Feb. 17, 1925. Came into force on March 5.

March 5. Conciliation and arbitration treaty with Czechoslovakia signed in Vienna. Ratifications exchanged on May 31. Came into force on June 9 (Text: *L.N.T.S.* li).

March 6. Ratifications exchanged of treaty with Switzerland of May 25, 1925, concerning application of previous treaties relating to judicial relations. Came into force next day (Text: *L.N.T.S.* xlvii).

March 22. Additional protocol to commercial treaty with Italy of April 28, 1923, signed in Rome. Ratifications exchanged on Oct. 16. Came into force same day.

March 22. Ratifications exchanged of convention of June 18, 1924, with Czechoslovakia concerning obligations contracted in Austro-Hungarian crowns, of additional protocol of May 14, 1925, and of convention of July 12, 1924, concerning insurance credits. Both came into force same day (Texts: *L.N.T.S.* l).

April 9. Supplementary commercial agreement with Hungary signed modifying agreement of Feb. 8, 1922. Protocol modifying supplementary agreement signed on May 10. Ratifications of agreement of April 9 and of protocol exchanged on Aug. 6. Agreement and protocol came into force on Aug. 14.

April 13. Ratifications exchanged of air navigation convention with Hungary of Aug. 29, 1924. Came into force on April 23.

April 16. Ratifications exchanged of extradition convention of Dec. 17, 1925, with Norway. Came into force on April 26 (Text: *L.N.T.S.* xlviii).

April 16. Arbitration convention with Poland signed in Vienna.

May 10. Convention with Hungary concerning epizootic disease signed at Vienna. Ratifications exchanged on Aug. 6. Came into force on Aug. 14 (Text: *L.N.T.S.* lv).

May 18. Customs convention with Switzerland concluded by exchange of notes at Vienna.

May 21. Agreement supplementing the commercial agreement with Germany of Sept. 1, 1920, signed at Berlin. Ratifications exchanged on July 10. Came into force on July 24 (Text: *L.N.T.S.* liii).

May 28. Arbitration treaty with Sweden signed (Text: *L.N.T.S.* lxi).

June 3. Customs agreement concluded with Netherlands by exchange of notes. Came into force on Aug. 8. Ratified by Austria on Sept. 5.

June 12. Financial convention with Czechoslovakia signed. Ratifications exchanged on June 25. Came into force same day.

June 15. Ratifications exchanged of commercial treaty with China of Oct. 19, 1925. Came into force on Sept. 15 (Text: *L.N.T.S.* lv).

June 23. Agreement with Czechoslovakia signed supplementing commercial convention of May 4, 1921. This convention and those of Nov. 27, 1924, and July 27, 1925, denounced by Austria on Nov. 30, 1926, as from March 1, 1927.

July 7. Ratifications exchanged with Italy of (i) agreement of Feb. 23, 1925, for systemization of interests in the Tirol, (ii) agreement of June 24, 1925, for systemization of interests in Carinthia, (iii) agreement of June 24, 1925, concerning hunting rights in the boundary zone as fixed by the Treaty of St. Germain. (i) came into force same day; (ii) and (iii) came into force on July 8.

July 7. Additional protocol to commercial treaty of Dec. 14, 1923, with Belgium (Luxembourg) signed.

July 13. Ratifications exchanged of judicial assistance convention with Poland of March 19, 1924. Came into force on Sept. 13 (Text: *L.N.T.S.* lvi).

July 14. Ratifications exchanged of agreement of April 6, 1922, with Italy concerning private insurance companies.

July 14. Two agreements with Hungary signed at Vienna concerning local frontier traffic and persons crossing the frontier. Ratifications exchanged on Dec. 15; came into force on Dec. 25 (Text: *L.N.T.S.* lxi).

Aug. 4. Customs agreement concluded with Netherlands by exchange of notes of June 3 and Aug. 4 (Text: *L.N.T.S.* lix).

Aug. 12. Ratifications exchanged of commercial agreement with Jugoslavia of Sept. 3, 1925. Came into force on Aug. 22.

Sept. 17. Second additional protocol signed to convention with Czechoslovakia of June 18, 1924, regarding obligations in Austro-Hungarian crowns.

Oct. 18. Ratifications exchanged of convention of Sept. 18, 1925, with Prussia concerning the introduction of reciprocal obligatory education. Came into force on Nov. 1.

Nov. 4. Ratifications exchanged of five insurance conventions with Rumania signed at Vienna on July 24, 1924. Came into force on Nov. 18.

Nov. 9. Agreement with Czechoslovakia regarding Czechoslovak seasonal workers in Austria concluded at Prague on Nov. 8 and 9.

See also under *Argentina*, March 22; *Germany*, Dec. 11.

Belgium

1926, Jan. 16. Jugoslavia denounced the commercial treaty of April 11 and 24, 1907, between Belgium and Serbia.

Jan. 19. Paraguay denounced as from Jan. 19, 1927, the convention with Belgium of commerce and navigation of Feb. 15, 1894.

Jan. 20. Extradition convention with Paraguay signed.

Jan. 27. Agreement with France regarding emigrants from French and Belgian ports signed. Ratifications exchanged on March 23.

Feb. 8. Provisional commercial treaty between Belgium (with Luxembourg) and Bulgaria concluded by exchange of notes at Sofia.

Feb. 15. Provisional commercial agreement between Belgium (with Luxembourg) and Turkey signed.

March 5. Postal convention with Netherlands, replacing that of Oct. 15, 1921, and supplementary act of June 7, 1924, signed at The Hague. Ratification exchanged on March 29 (Text: *L.N.T.S.* 1).

March 6. Declaration signed modifying and prolonging the telegraphic agreement with Luxembourg of April 13, 1923. Agreement modifying telephone charges signed at Brussels on March 31 and at Luxembourg on April 4.

March 15. Telegraph convention with Netherlands signed at The Hague, to replace convention of March 8, 1920. Ratifications exchanged on March 29 (Text: *L.N.T.S.* 1).

April 6. Treaty with China of Nov. 2, 1865, denounced by Peking Government as from Oct. 27, 1926. On Nov. 5, Belgian Government decided, as negotiations for *modus vivendi* had failed and Peking Government had refused suggestion for joint reference of dispute to Permanent Court of International Justice, to submit to Permanent Court question of interpretation of Art. 46 of 1865 treaty, relating to right of denunciation. Nov. 6, Peking Government formally declared that 1865 treaty was terminated and that Belgian nationals in China no longer had extra-territorial rights. Nov. 25, Belgian Government instituted proceedings before Permanent Court.

April 10. Protocol signed supplementing provisions of commercial *modus vivendi* with France of Oct. 25, 1924.

April 30. Treaty of arbitration and conciliation with Sweden signed.

May 5. Agreement with France and Great Britain signed in Paris concerning customs regulations applicable to air traffic (Text: *Cmd.* 2664).

May 17. Notes exchanged with Great Britain accepting protocol signed at Kigoma on Aug. 5, 1924, relating to the Tanganyika–Ruanda–Urundi frontier (Texts: *Cmd.* 2812).

May 29. Air navigation agreement with Germany signed.

June 26. Ratifications exchanged of agreement with Poland of Sept. 1, 1925, concerning scientific and literary relations. Came into force on July 11 (Text: *L.N.T.S.* liv).

July 1. Agreement between Belgium (with Luxembourg) and Germany concerning use of passports in frontier districts signed at Aix-la-Chapelle. Ratifications exchanged and additional agreement signed on July 29. Came into force on Aug. 1.

July 13. Treaty of friendship, commerce and navigation with Siam signed at Bangkok.

July 15. Agreement between Belgium (with Luxembourg) and Germany signed, concerning the facilitation of local frontier traffic.

Aug. 6. Ratifications exchanged of treaty of commerce and navigation between Belgium (with Luxembourg) and Latvia of July 7, 1925 (Text: *L.N.T.S.* liv).

Aug. 15. Declaration signed supplementing extradition convention with France of Aug. 15, 1874.

Aug. 19. Ratifications exchanged of convention with Germany of Oct. 28, 1925, concerning medical practice in frontier districts.

Aug. 24. Declaration signed at Brussels modifying extradition treaty with Luxembourg of Oct. 23, 1872 (Text: *L.N.T.S.* lxi).

Sept. 1. Agreement concluded with France by exchange of notes concerning treatment of lunatics.

Sept. 10. Provisional commercial agreement with Greece concluded by exchange of notes. Came into force same day.

Sept. 17. Provisional commercial agreement between Belgium (with Luxembourg) and Jugoslavia signed at Brussels. Further agreement signed on Dec. 16.

Sept. 17. Ratifications exchanged of commercial treaty with Czechoslovakia of Dec. 28, 1925 (Text: *L.N.T.S.* lviii).

Sept. 28. Treaty of commerce and navigation between Belgium (with Luxembourg) and Estonia signed at Brussels, together with declaration regarding reciprocal recognition of tonnage measurement certificates (Text of declaration: *L.N.T.S.* lx).

Sept. 30. Convention with Hungary signed for settlement of Belgian claims under Treaty of Trianon.

Oct. 10. Extradition and legal assistance convention with Latvia signed at Brussels.

Oct. 14. Agreement regarding telephonic communications with Luxembourg signed at Brussels on Oct. 9 and at Luxembourg on Oct. 14.

Oct. 20. Labour treaty with Luxembourg signed.

Oct. 23. Exchange of notes with Netherlands, at Brussels, regarding demands for judicial assistance in cases of injury to workers.

Oct. 25. Additional declaration to extradition convention of March 25, 1876, with Denmark signed at Copenhagen (Text: *L.N.T.S.* lviii).

Nov. 11. Extradition convention with Estonia signed at Brussels.

Nov. 23. Exchange of notes with Germany concerning treatment of aliens.

Dec. 10. Agreement with Portugal relating to the study of economic problems in colonies of Angola and the Congo, signed at Lisbon.

Dec. 11. Agreement with Luxembourg regarding telegraph rates signed at Brussels on Dec. 10 and at Luxembourg on Dec. 11. Came into force on Dec. 15.

See also under *Austria*, July 7; *Germany*, Jan. 6; *Locarno Pact*.

Bolivia. See under *Chile*, Jan. 12.

Brazil

1926, April 13. Treaty with Venezuela regarding maintenance of order in frontier districts, signed at Rio de Janeiro.

Nov. 10. Ratifications exchanged of protocol of Dec. 7, 1921, additional to extradition treaty of Dec. 27, 1916, with Uruguay.

See also under *League of Nations*, June 7.

Bulgaria

1926, Feb. 6. Agreement signed in Stockholm between representatives of Bulgaria, Greece and Sweden, by which two Swedish officers were placed at the disposal of the Bulgarian and Greek Governments to supervise the Graeco-Bulgarian frontier, in accordance with recommendations of Commission of Inquiry into frontier incident of October 1925.

May 15. Two conventions with Czechoslovakia signed at Sofia: (i) regarding reciprocal judicial assistance in civil and commercial matters; (ii) regarding reciprocal judicial assistance and extradition in penal cases. Ratifications exchanged of convention with Czechoslovakia of June 6, 1925, regarding free medical assistance to the poor (Text: *L.N.T.S.* l).

June 10. League Council approved in principle proposals for raising international loan for refugee settlement in Bulgaria. Aug. 5, Rumanian Government protested to League against proposed arrangements and asked for share in control over employment of loan. Similar notes sent by Jugoslavia on Aug. 20 and by Greece on Aug. 21. On Aug. 25, provisional agreement signed between Bank of England and Bulgarian Government for advance of £400,000 for immediate needs. Sept. 7, League Council, with approval of Rumanian, Jugoslav and Greek representatives, adopted scheme for issue of loan for refugee settlement of £2,250,000 under League guarantee, and appointed a commissioner to supervise employment of funds. Sept. 9, protocol embodying scheme signed by Bulgarian representative (Text: *L.N.T.S.* lviii). Sept. 29, protocol ratified by Bulgarian Sobranje. Nov. 23, Bulgarian ratification of protocol deposited; protocol came into force. Dec. 17, agreement for loan ratified by Sobranje. Dec. 21, loan offered for subscription in London.

July 28. Bulgarian komitajis raided Jugoslav territory near Kriva Palanka. Aug. 11, joint note of protest presented to Bulgaria by Greece, Jugoslavia and Rumania, demanding suppression of revolutionary organizations and prevention of border raiding. Aug. 27, Bulgaria presented conciliatory reply to collective note. Sept. 11, joint note accepting reply sent to Bulgaria.

Aug. 2. Ratifications exchanged with Turkey of establishment convention and treaty of friendship signed on Oct. 18, 1925.

Aug. 28. Provisional commercial agreement with Turkey concluded by exchange of notes.

Sept. 8. Notes exchanged with Germany on Sept. 7 and 8 embodying provisional arrangement as to extradition and judicial assistance in penal matters. Came into force on Sept. 23.

Sept. 16. Provisional commercial agreement with Czechoslovakia of Oct. 16, 1925, came into force (Text: *L.N.T.S.* lvi).

Dec. 22. Treaty with Germany concerning legal assistance signed at Sofia.

See also under *Belgium*, Feb. 8; *Germany*, Dec. 11.

Canada

1926, April 30. Agreement with Norway concerning parcel post signed at Oslo on April 6 and at Ottawa on April 30. Came into force on June 1 (Text: *L.N.T.S.* li).

Dec. 20. Provisional trade agreement with Czechoslovakia signed in Prague.

Chile

1926, Jan. 12. Announced that Major-General William Lassiter had been appointed to succeed General Pershing as head of Tacna-Arica Plebiscite Commission. Feb. 8, Both Chile and Peru appealed to President Coolidge as arbitrator against the election law adopted by the Plebiscite Commission on Jan. 27. Feb. 25, President Coolidge gave decision upholding Commission's election regulations. March 10, Peruvian delegate asked Chairman of Plebiscite Commission for indefinite postponement of registration of voters, due to begin on March 15. March 14, Plebiscite Commission decided to postpone registration of voters until March 27. March 26, U.S. Secretary of State announced that Governments of Peru and Chile had accepted good offices of United States for new attempt to settle Tacna-Arica controversy without plebiscite. June 15, Plebiscite Commission approved resolution proposed by General Lassiter declaring plebiscite in disputed provinces to be impossible owing to frustration by Chile of carrying out of arbitrator's award. June 21, Chilean Government issued circular denying accusations made by General Lassiter regarding situation in plebiscite area and announcing that it was useless to continue direct negotiations which had been proceeding in Washington since end of March. Nov. 30, U.S. Secretary of State sent memorandum to Chile and Peru suggesting cession of disputed territories to Bolivia, which would repay Chile for all money expended on improvements (Text: *New York Times*, 2.12.26). Dec. 3, Reported that Bolivian Government was in favour of U.S. proposal. Dec. 4, Chilean Government communicated to Secretary of State its acceptance in principle of U.S. proposal (Text: *New York Times*, 6.12.26).

Jan. 30. Treaty of friendship with Turkey signed in Rome (Text: *L.N.T.S.* lix).

China

1926, Jan. 7. Foreign Office announced constitution of Statutory Committee to advise on best use of Boxer Indemnity funds, and decision that delegation of three Chinese and three British members under chairmanship of Lord Willingdon should study whole question in China. June 18, Report of Lord Willingdon's Delegation signed. Oct. 18, Report of Advisory Committee analysing Lord Willingdon's report presented to Secretary of State for Foreign Affairs (Texts: *Cmd.* 2766).

Jan. 10. Unofficial negotiations for settlement of Hongkong boycott broke down owing to pressure by Canton extremists.

Jan. 12. The International Commission on Extra-territoriality (in China) held its opening session at Peking. Sept. 16, Commission's report unanimously adopted (Text: *Cmd.* 2774).

Jan. 21. Marshal Wu P'ei-fu, acting in agreement with Marshals Chang Tso-lin and Sun Ch'uan-fang, began his advance from Hupei Province against Peking.

Jan. 21. M. Ivanov, General Manager of the Chinese Eastern Railway, arrested by Chang Tso-lin as result of dispute with Russian authorities of the railway over payment for transport of troops. Jan. 23, M. Karakhan, Soviet Ambassador, sent note to Peking Government demanding release of M. Ivanov within three days; at the same time the Soviet Commissar for Foreign Affairs wrote direct to Marshal Chang Tso-lin. Jan. 24, Agreement reached for release of M. Ivanov and other arrested Russians and resumption of traffic. June 5, Sino-Soviet discussions which had been taking place at Mukden regarding Chinese Eastern Railway broke down owing to Chang Tso-lin's refusal to agree to Soviet demands.

Feb. 21. Commissioner of Chinese Maritime Customs at Canton announced closing of port of Canton owing to seizure of cargo by strikers. Feb. 25, Seized goods surrendered and port reopened.

March 4. Peking Government denounced French treaties dealing with Indo-China frontier.

March 9. Foreign shipping fired on by Taku Forts, and mines reported to have been laid at entrance to Peiho River leading up to Tientsin. March 10, Diplomatic protest presented to Peking Foreign Office in view of violation of 1901 Protocol. March 13, Two Japanese destroyers fired on by Kuominchün forces in Taku forts. March 16, Diplomatic Body at Peking authorized naval commanders of the Powers in Tientsin to present ultimatum to the rival Chinese commanders at Taku, demanding free access to the sea by the river from Tientsin, discontinuance of hostilities there and of search of ships, and the removal of mines from the Peiho. March 18, Peking Government and rival commanders accept demands of Diplomatic Body.

March 18. Students' riots at Peking; police guarding the Cabinet fired on students, killing about 40.

March 20. *Coup d'état* at Canton. General Chiang Kai-shek arrested Russian extremists and strike leaders; Canton Government notified Hongkong that they would appoint a delegation to settle the boycott.

March 20. Cabinet (Premier Chia Teh-yao) resigned.

March 22. Kuominchün forces retreated from Tientsin, but remained in possession of Peking.

March 23–April 15. 'Siege' of Peking.

April 6 and 16. Diplomatic Body protested against aerial bombardment of Peking.

April 10. 'Chief Executive' Tuan Ch'i-jui deposed by Kuominchün. Kuominchün invited Wu P'ei-fu to take control in Peking, but Wu declined. April 15, Kuominchün evacuated Peking. April 20, Tuan

Ch'i-jui ceased finally to function as Chief Executive and left for Tientsin.

April 12. Collapse of boycott negotiations owing to Hongkong's refusal to pay strike compensation.

April 25. Second *coup d'état* by General Chiang Kai-shek, this time against the Moderates.

May 13. Dr. W. W. Yen became Premier and inaugurated a 'Regency Cabinet' in the absence of any recognized head of the Chinese Republic.

May 15. Kuomintang Convention at Canton; resolution passed making Communists ineligible as departmental chiefs in Kuomintang Party.

June 1. Kuomintang Party issued proclamation ordering new Canton Foreign Minister, Eugene Chen, to institute negotiations for ending the strike. Hongkong Government accepted this invitation.

June 4. Revenues of the salt gabelle at Tientsin taken over by local Military Governor.

June 23. W. W. Yen resigned Premiership and was succeeded by Tu Hsi-kuei.

June 28. Inconclusive meeting at Peking between Marshals Chang Tso-lin and Wu P'ei-fu.

July 13. Tang Sheng-chih, in alliance with Cantonese, occupied Changsha, defeating Wu P'ei-fu's troops.

July 15. Opening of general 'allied' attack on Kuominchün.

July 15. Hongkong-Canton negotiations opened.

July 23. Peking Tariff Conference adjourned *sine die* at an informal meeting of the delegates.

July 25. Hongkong-Canton negotiations suspended for consideration of proposals made on either side.

Aug. 13. Diplomatic Body (subject to reservation by Italian Minister) approved draft agreement for rendition of Shanghai Mixed Court.

Aug. 14. Defeat of Kuominchün at the Nankow Pass.

Aug. 17. Chang Tso-lin's forces occupied Kalgan.

Aug. 18. Canton-Hunan forces captured Yochow.

Aug. 28. Announcement by Kuomintang that General Feng Yü-hsiang (leader of Kuominchün) had been admitted into the Party and was in alliance with Canton.

Sept. 1–Oct. 11. Siege of Wuchang; the sister cities of Hanyang and Hankow were occupied by the Cantonese early in September.

Sept. 2. Chinese authorities at Harbin seized vessels belonging to the Chinese Eastern Railway and dissolved the railway's education department.

Sept. 4. British naval forces at Canton and Swatow cleared away strike picket boats and expelled strike pickets from British-owned wharves at Canton.

Sept. 5. Wanhsien 'incident'. In attempting to release British ships, which had been seized (with their officers) by the local general, Yang Sen, British naval forces clashed with Chinese troops and bombarded Wanhsien city. Casualties: British, 8 killed (7 naval, 1 civilian), 15 wounded; Chinese military (killed and wounded) about 260, civilians under 100 killed, about 140 wounded.

Sept. 11. M. Karakhan, Soviet Ambassador at Peking, departed, after his recall had been demanded by the Peking Government.

Sept. 12. British naval guards withdrawn from Canton wharves.

Sept. 17–Oct. 15. Series of engagements round Nanchang between Cantonese and troops of Marshal Sun Ch'uan-fang.

Sept. 18. Canton Foreign Minister informed British Consul-General that boycott would be ended on or before Oct. 10, and that simultaneously 2½ per cent. surtaxes (5 per cent. on luxuries) would be levied on foreign goods.

Sept. 27. Agreement for rendition of Shanghai Mixed Court published.

Oct. 2. Dr. Wellington Koo appointed Acting Premier and Acting Minister for Foreign Affairs in Peking Government.

Oct. 10. Canton Strike Committee and Kuomintang Executive announced end of boycott, but continuance of anti-Imperialist struggle; strike pickets withdrawn.

Oct. 11. New surtaxes levied by Canton Government.

Oct. 16–19. Revolt in Chekiang Province against Marshal Sun Ch'uan-fang suppressed.

Oct. 21. Peking Government demanded revision of Sino-Japanese Treaty of 1896—commercial clauses of which fell due for reconsideration on Oct. 20. Nov. 10, Japanese Government replied that they would consider revision of tariff and commercial articles of treaty.

Nov. 3. Declaration by Diplomatic Body at Peking that they could not recognize the legality of the Canton surtaxes.

Nov. 5. Cantonese occupied Kiukiang; Sun Ch'uan-fang's army in retreat, withdrawing from whole province of Kiangsi.

Nov. 17. Outbreak of labour troubles and strikes at Hankow.

Nov. 18. Military Council of Chang Tso-lin, Chang Tsung-ch'ang and Sun Ch'uan-fang at Tientsin decided on united action against the Cantonese.

Nov. 23. Arrest of 14 persons connected with the Kuomintang in British Concession at Tientsin for seditious activities; they were handed over to the Chinese authorities.

Dec. 2. Eugene Chen and other Kuomintang leaders arrived at Wuchang.

Dec. 3. Cantonese occupied Foochow and extended their power over Fukien province; by the end of the month they had advanced to neighbourhood of Hangchow in Chekiang.

Dec. 8–17. Conversations between Mr. Lampson (new British Minister to China) and Eugene Chen at Hankow.

Dec. 18. Statement of British policy read to Diplomatic Body at Peking, recommending unconditional grant of surtaxes promised by Washington Conference, and early steps towards Treaty revision.

Dec. 20. Nationalist demonstrations at Hankow; anti-Imperialist speeches by Russian adviser, Borodin, and Sun Fo (son-in-law of Sun Yat-sen); Eugene Chen asked British General for removal of barricades at entrance of British concession.

Dec. 26. British statement of policy published.

See also under *Austria*, June 15; *Belgium*, April 6.

Congo. See under *Belgium*, Dec. 10.

Cuba

1926, Jan. 14. Additional extradition treaty with United States signed at Havana. Ratifications exchanged on June 18, 1926 (Text: *A.J.I.L.* Oct. 1926; *L.N.T.S.* lxi.)

March 4. Liquor smuggling convention with United States signed at Havana. Ratifications exchanged on June 18, 1926 (Text: *U.S. Treaty Series* 738; *A.J.I.L.* Oct. 1926; *L.N.T.S.* lxi).

March 11. Convention for suppression of smuggling with United States signed at Havana. Ratifications exchanged on June 18 (Text: *A.J.I.L.* Oct. 1926; *L.N.T.S.* lxi).

April 22. Consular treaty with United States signed at Havana.

Aug. 3. Agreement with Mexico regarding radiotelegraphy signed.

Oct. 9. Agreement with Dominican Republic signed at Havana, regarding wireless communications.

Czechoslovakia

1926, Jan. 2. Conciliation and arbitration agreement with Sweden signed. Ratifications exchanged on April 29 (Text: *L.N.T.S.* xlviii).

Jan. 15. Ratifications exchanged with Rumania of protocol of April 16, 1925, concerning property in frontier zones (Text: *L.N.T.S.* xlvi).

Feb. 1. Exchange of notes with Great Britain concerning reduced rate of customs duty on printed matter in English advertising British products imported into Czechoslovakia (Text: *Cmd.* 2625; *L.N.T.S.* xlix).

Feb. 10. Ratifications exchanged with Poland of provisional commercial agreement of April 7, 1925. Came into force same day (Text: *L.N.T.S.* lvi).

Feb. 19. Ratifications exchanged with Hungary of convention of March 8, 1923, concerning traffic at frontier railway stations (Text: *L.N.T.S.* xlviii).

Feb. 27. Ratifications exchanged with France of convention of Oct. 7, 1922, for legal protection and assistance (Text: *L.N.T.S.* xlvii).

March 11. Tourist convention with Poland signed.

March 20. Ratifications exchanged of agreement with Rumania of Oct. 1, 1924, concerning veterinary relations (Text: *L.N.T.S.* li).

March 20. Declarations exchanged with Switzerland on Feb. 12 and March 20 regarding unemployment insurance.

March 29. Ratifications exchanged with United States of extradition treaty of July 2, 1925 (Text: *L.N.T.S.* l).

March 29. Ratifications exchanged with Great Britain of convention of Nov. 11, 1924, concerning legal proceedings in civil and commercial matters. Came into force on June 29 (Text: *Cmd.* 2637; *L.N.T.S.* xlviii).

April 11. Provisional commercial agreement concluded with Turkey. Further agreement signed on Sept. 30.

April 14. Protocol additional to convention with Hungary of March 8, 1923, concerning common frontier railway stations, signed at Budapest. Ratifications of 1923 convention exchanged on Sept. 30.

April 14. Ratifications exchanged with Poland of legal and financial

convention and arbitration convention of April 23, 1925 (Texts: *L.N.T.S.* xlviii). Treaty of commerce of same date came into force.

April 15. Agreement supplementing commercial treaty of April 23, 1925, with Poland, signed, together with air navigation agreement. Ratifications of commercial agreement exchanged on Oct. 22.

April 22. Ratifications exchanged of frontier traffic agreement with Poland of May 30, 1925 (Text: *L.N.T.S.* xlviii). Protocol regarding application of agreement signed at Prague on Dec. 7, 1926.

May 4. Convention with Italy regarding execution of life assurance and pension assurance contracts signed at Prague (Text: *L.N.T.S.* lxi).

May 27. Ratifications exchanged of agreements with Poland of May 30, 1925, regarding tourists, and of Sept. 23, 1922, concerning permission to doctors and midwives of either country to practise in the other (Texts: *L.N.T.S.* l).

May 31. Ratifications exchanged with Italy of extradition convention and two other legal conventions of April 6, 1922 (Texts: *L.N.T.S.* lii).

June 4. Protocol additional to extradition treaty of Nov. 11, 1924, with Great Britain, signed in London. Ratifications exchanged on Nov. 5 (Text: *Cmd.* 2779).

June 13. Protocol signed at Bucarest renewing for three years the convention of alliance with Rumania of April 23, 1921. Ratifications exchanged on June 17 (Text: *L.N.T.S.* liv).

July 6. Judicial convention with Latvia signed.

July 9. Ratifications exchanged with Rumania of two conventions for judicial assistance of May 7, 1925.

Aug. 26. Provisional commercial treaty with Hungary on most-favoured-nation basis signed. Valid from Sept. 1 to Dec. 31.

Oct. 20. Ratifications exchanged of treaty of commerce with Japan of Oct. 30, 1925 (Text: *L.N.T.S.* lviii).

Oct. 22. Ratifications exchanged with Poland of (i) sanitary convention of Sept. 5, 1925, and (ii) commercial treaty of April 23, 1925 (Texts: *L.N.T.S.* lviii). (i) came into force on Nov. 6.

Dec. 21. Agreements with Switzerland, (i) regarding reciprocal recognition and execution of judicial decisions; (ii) regarding reciprocal judicial assistance in civil and commercial matters, concluded at Berne.

See also under *Albania*, Jan. 19; *Austria*, Feb. 8, March 5, March 22, June 12, June 23, Sept. 17, Nov. 9; *Belgium*, Sept. 17; *Bulgaria*, May 15, Sept. 16; *Canada*.

Danube

1926, Sept. 18. Agreement regarding the competence of the European Commission of the Danube signed at Geneva by France, Great Britain, Italy and Rumania (Text: *L.N.T.S.* lix).

Danzig

1926, March 1. Ratifications exchanged with Poland of convention of March 17, 1924, concerning mutual judicial assistance in customs matters.

Sept. 20. Agreement with Poland for division of customs duties signed.

Denmark

1926, Jan. 1. Agreement concluded with Norway and Sweden for modification of Scandinavian Postal Agreement.

Jan. 14. Convention with Sweden for pacific settlement of disputes signed at Stockholm. Ratifications exchanged on July 20 (Text: *L.N.T.S.* li).

Jan. 15. Convention with Norway for pacific settlement of disputes signed at Copenhagen.

Jan. 25. Exchange of notes with Germany concerning special regulations regarding fishery in the Flensburg Fiord. Came into force on March 15 (Text: *L.N.T.S.* xliv).

Jan. 28. Convention between Denmark, Finland, Iceland, Norway, and Sweden concerning navigability and equipment of boats signed at Copenhagen. Ratifications exchanged on June 17. Came into force on same day (Text: *L.N.T.S.* li).

Jan. 30. Convention with Finland for pacific settlement of disputes signed. Ratifications exchanged on July 26 (Text: *L.N.T.S.* li).

March 13. Ratifications exchanged of treaty of friendship, commerce, and navigation with Siam of Sept. 1, 1925. Came into force on March 28 (Text: *L.N.T.S.* xlvii).

March 20. Agreements concluded with Germany by exchange of notes: (i) concerning German commercial travellers in Denmark. Came into force on April 15 (Text: *L.N.T.S.* liii); (ii) concerning customs facilities for importation of Danish agricultural produce into Germany. Came into force on July 19 (Text: *L.N.T.S.* li); (iii) concerning importation of paving stone into Germany (Text: *L.N.T.S.* lvii).

March 22. Provisional commercial agreement with Turkey concluded by exchange of notes at Angora. Came into force on April 1 (Text: *L.N.T.S.* xlviii). Further agreement concluded on Sept. 19. Came into force on Oct. 1 (Text: *L.N.T.S.* lvi).

March 31. Treaty of commerce with Greece of Dec. 13–15, 1843, and Oct. 31, 1846, prorogued till April 30 by exchange of notes of March 30 and 31.

April 12. Agreement with Germany signed regarding admission duty-free of furniture removal vans (Text: *L.N.T.S.* xlviii).

April 23. Arbitration and conciliation convention with Poland signed at Copenhagen (Text: *L.N.T.S.* lxi).

May 4. Agreement with Germany regarding abolition of passport visas signed. Came into force on May 20.

June 2. Treaty of arbitration and conciliation with Germany signed in Berlin (Text: *L.N.T.S.* lxi).

June 4. Convention signed renewing for five years agreement with Great Britain of Oct. 25, 1905, for pacific settlement of disputes (Text: *L.N.T.S.* lxi).

June 5. Exchange of notes with Japan concerning mutual recognition of freeboard certificates for merchant-ships. Came into force on Aug. 1 (Text: *L.N.T.S.* lv).

June 26. Exchange of notes with Norway of May 19 and June 26 concerning interpretation of declaration of Aug. 8, 1883, relative to support of indigent sailors.

July 5. Arbitration agreement with France, replacing that of Aug. 9, 1911, signed in Paris.

July 9. Agreement modifying telegraph and telephone convention of Oct. 1, 1924, between Norway, Sweden, and Denmark, signed at Stockholm on June 16, at Copenhagen on July 6, and at Oslo on July 9.

July 23. Provisional air navigation agreement with the Netherlands signed at The Hague.

Oct. 27. Convention with Netherlands signed concerning equality of treatment in respect of compensation for accidents.

Oct. 28. Agreement with Germany concluded by exchange of notes regarding mutual exemption from military service for subjects of the other country. Came into force same day (Text: *L.N.T.S.* lvii).

Dec. 7. Exchange of notes with Mexico on Nov. 25 and Dec. 7 concerning prolongation for six months from Nov. 26, 1926, of the Danish-Mexican Treaty of commerce of May 3, 1910, due to expire on Nov. 26.

Dec. 11. Convention with Lithuania signed for pacific settlement of disputes.

Dec. 15. Agreement with Norway signed concerning transfer of members between the Societies for benefit in case of illness in Denmark and Norway. Ratifications exchanged on Dec. 30 (Text: *L.N.T.S.* lix).

Dec. 18. Conciliation convention with Estonia signed.

See also under *Belgium*, Oct. 25.

Dominican Republic. See under *Cuba*, Oct. 9.

Egypt

1926, Feb. 7. Oasis of Jaghbūb on Cyrenaican-Egyptian frontier occupied by Italian troops, in accordance with Italo-Egyptian agreement of Dec. 6, 1925. Protocol regarding interpretation of agreement signed on Nov. 9.

April 10. Provisional commercial treaty with Greece concluded by exchange of notes at Cairo (Text: *L.N.T.S.* lxi).

April 17. Provisional commercial agreement with Turkey signed. Prolonged by exchange of notes at Cairo of Oct. 11 for a period of six months from Oct. 7.

May 13–19. The Caliphate Congress held at Cairo.

Estonia

1926, Jan. 18. Treaty of commerce and navigation with Great Britain signed. Ratifications exchanged on May 3, 1926 (Text: *Cmd.* 2709; *L.N.T.S.* xlviii).

Feb. 20. Ratifications exchanged of consular convention with Poland of Jan. 11, 1924 (Text: *L.N.T.S.* xlvii).

Feb. 25. Ratifications exchanged of conciliation convention with Sweden of May 29, 1925 (Text: *L.N.T.S.* xlvi).

March 4. Declaration signed concerning mutual recognition of tonnage measurement certificates between Estonia and U.S.S.R.

May 3. Agreement with Great Britain regarding commercial travellers' samples signed. Came into force on Dec. 10 (Text: *L.N.T.S.* lix).

May 4. Ratifications exchanged of provisional commercial agreement with Netherlands of July 22, 1924. Came into force on May 19 (Text: *L.N.T.S.* xlviii).

May 11. Ratifications exchanged of extradition agreement with Great Britain of Nov. 18, 1925 (Text: *Cmd.* 2708; *L.N.T.S.* l).

May 22. Ratifications exchanged of treaty of friendship, commerce, and consular rights with United States of Dec. 23, 1925 (Text: *L.N.T.S.* l).

May 31. Ratifications exchanged of commercial agreement with Switzerland of Oct. 14, 1925. Came into force same day (Text: *L.N.T.S.* xlix).

June 16. Ratifications exchanged of convention of Dec. 10, 1925, with Finland, concerning workmen's compensation for accidents (Text: *L.N.T.S.* l).

June 24. Agreement concluded with Great Britain by exchange of notes concerning tonnage measurement of merchant ships (Text: *Cmd.* 2693; *L.N.T.S.* lvii).

June 29. Ratifications exchanged of convention of April 20, 1925, with Finland, regarding submarine cables and telegraphic communications (Text: *L.N.T.S.* li).

July 10. Ratifications exchanged of consular treaty with Germany of March 13, 1925.

Aug. 12. Notes exchanged on July 28 and Aug. 12, regarding interpretation of commercial agreement with Norway of Aug. 29, 1925 (Text: *L.N.T.S.* xliii).

Oct. 29. Declaration signed at Reval with Switzerland concerning reciprocal application of Hague Convention on civil procedure.

Dec. 10. League of Nations Council approved scheme for issue of an international loan to Estonia under auspices of League. Protocol relating to conditions for loan signed by Estonian representative.

See also under *Belgium*, Sept. 28, Nov. 11; *Denmark*, Dec. 18.

Finland

1926, Jan. 5. Ratifications exchanged with Sweden of convention of May 9, 1925, concerning reindeer in frontier districts (Text: *L.N.T.S.* xlvii).

Jan. 21. Ratifications exchanged of extradition convention with Norway of Nov. 10, 1925 (Text: *L.N.T.S.* xliii).

Jan. 27. Ratifications exchanged of arbitration and conciliation treaty with Germany of March 14, 1925. Came into force on Feb. 28 (Text: *L.N.T.S.* xliii).

Jan. 29. Convention with Sweden for pacific settlement of disputes signed at Helsingfors. Ratifications exchanged at Stockholm on May 28 (Text: *L.N.T.S.* xlix).

Feb. 3. Convention with Norway for pacific settlement of disputes signed.

Feb. 27. Ratifications exchanged with Netherlands of convention of March 9, 1925, concerning the admission of Finnish Consuls to Netherlands colonies (Text: *L.N.T.S.* xlvii).

March 13. Notes exchanged with Great Britain on Jan. 25, 1925, and March 13, 1926, concerning the adherence of certain British do-

minions, colonies and protectorates to the commercial treaty of Dec. 14, 1923.

April 20. Ratifications exchanged of commercial and navigation treaty of May 29, 1925, with Hungary (Text: *L.N.T.S.* xlviii).

May 18. Ratifications exchanged with Norway of conventions of Feb. 14, 1925, concerning timber floating on the Pasvik river, and juridical régime of waters of the Pasvik and Jakobselv rivers (Text: *L.N.T.S.* xlix).

June 2. Provisional commercial agreement with Turkey signed. Came into force on Oct. 26.

June 22. Provisional commercial agreement with Greece signed. Came into force on July 1 (Text: *L.N.T.S.* lvi).

June 26. Provisional commercial agreement with Germany signed. Ratifications exchanged on Nov. 30, 1926. Notes regarding most-favoured-nation treatment for certain goods exchanged on July 15. Came into force on Dec. 30 (Text: *L.N.T.S.* lvi).

Aug. 30. Protocol signed at Helsingfors regarding Art. 14 of convention of arbitration and conciliation with Germany of March 14, 1925 (Text: *L.N.T.S.* xlv).

Sept. 17. Ratifications exchanged with Latvia of declaration of June 7, 1924, concerning reciprocal application of Hague Convention of July 7, 1905, relating to private international law (Text: *L.N.T.S.* lviii).

Sept. 20. Ratifications exchanged of navigation convention with Norway of Dec. 19, 1925. Came into force same day (Text: *L.N.T.S.* lvi).

Oct. 19. Exchange of notes with Turkey constituting a provisional commercial agreement. Came into force on Oct. 26.

Oct. 22. Ratifications exchanged with Japan of commercial and navigation agreement of June 7, 1924 (Text: *L.N.T.S.* lviii).

Nov. 15. Agreement concluded with Iceland by exchange of notes at Helsingfors regarding suppression of passport visas.

Nov. 24. Ratifications exchanged of treaty of amity with Turkey of May 19, 1925 (Text: *L.N.T.S.* lix).

See also under *Denmark*, Jan. 28, Jan. 30; *Estonia*, June 16, June 29.

France

1926, Jan. 12. Ratifications exchanged of treaty of friendship, commerce, and navigation with Siam of Feb. 14, 1925 (Text: *L.N.T.S.* xliii).

Jan. 16. Agreement with Luxembourg concerning taxation of nationals signed in Paris (Text: *L.N.T.S.* xlviii).

Jan. 19. Paraguay denounced commercial treaty with France.

Feb. 12. Provisional commercial agreement with Germany for three months signed. Came into force on March 1 (Text: *L.N.T.S.* xlviii). Supplementary agreement signed on April 8.

Feb. 21. Commercial treaty of Oct. 13, 1925, with Hungary came into force (Text: *L.N.T.S.* xlviii). Supplementary agreement signed on Dec. 18.

March 1. Ratifications exchanged of legal convention with Poland of Dec. 30, 1925 (Text: *L.N.T.S.* xlviii).

March 15. Agreement with Great Britain regarding conveyance of the Indian mail signed in Paris on Feb. 3 and in London on March 15 (Text: *L.N.T.S.* xlvii).

March 18. Agreement concluded with Portugal by exchange of notes of March 17 and 18 for the extension of the extradition convention of July 13, 1854, to colonies, foreign possessions and protectorates of the two countries.

April 7. Declaration signed with Italy at Rome concerning commercial declaration of Feb. 14, 1885.

April 14. Agreement with Iceland concluded by exchange of notes concerning certificates of origin and consular invoices. Came into force on June 1 (Text: *L.N.T.S.* xlviii).

April 16. Spain denounced, as from July 15, commercial convention of July 8, 1922. Agreement modifying 1922 convention concluded by exchange of notes on Aug. 14.

May 10. Agreement with Germany signed concerning application in France of German laws of valorisation of July 16, 1925. Notes exchanged relative thereto on June 4 (Text: *L.N.T.S.* liii).

May 22. Convention with Germany concerning air navigation signed.

May 25. Ratifications exchanged with Spain of declaration of June 2, 1924, concerning the fishing in the Bidassoa.

May 27. Convention with Saar Governing Commission regarding workmen's compensation signed at Saarbrücken. Came into force on June 1 (Text: *L.N.T.S.* lv).

May 29. Commercial agreement with Italy signed. Additional exchange of notes on Aug. 14. Additional agreement signed on Aug. 23.

June 10. Treaty of friendship and arbitration with Rumania signed in Paris. Ratifications exchanged on Nov. 8 (Text: *Le Temps*, 21.1.27; *L.N.T.S.* lviii).

June 11. Exchange of notes with Norway concerning an agreement relative to certificates of origin (Text: *L.N.T.S.* l).

June 17. Agreement with Portugal for reciprocal recognition of certificates of gauging signed in Paris.

June 19. Convention with India regarding the lease for a further period of three years, from April 1, 1926, of the French Lodge at Balasore, signed at Orissa (Text: *L.N.T.S.* lvii).

June 28. Extradition agreement with Germany concluded by exchange of notes (Text: *L.N.T.S.* liii).

July 12. Agreement regarding French war debt to Great Britain signed in London (Text: *Cmd.* 2692).

July 19. Notes exchanged with Sweden embodying an arrangement concerning certificates of origin and consular invoices.

July 29. Commercial agreement with Haiti signed at Port-au-Prince.

Aug. 2. The French steamer *Lotus* collided with a Turkish collier near Mitylene. On arrival of *Lotus* at Constantinople, Lieutenant Desmons, French officer in charge of watch when collision took place, was arrested by Turkish authorities on charge of manslaughter. Aug. 28, trial began before Constantinople Penal Court; Lieut. Desmons claimed to be tried by French Court. Sept. 13, Lieut. Desmons released on bail, as result of protests made by French

Government. Sept. 15, Lieut. Desmons sentenced to 80 days' imprisonment by Turkish court but allowed at large. Oct. 12, Franco-Turkish agreement signed at Geneva for submission to Permanent Court of dispute as to whether Turkish action in instituting proceedings against Lieut. Desmons was contrary to international law.

Aug. 5. Provisional commercial agreement with Germany signed (Text: *E.N.* 28.8.26). Also arrangement concerning commercial exchanges between Saar Basin and Germany. Both came into force on Aug. 21.

Aug. 7. Convention with Spain signed at Madrid concerning fiscal régime for business companies. Ratifications exchanged same day.

Aug. 14. Supplementary commercial agreement with Spain signed.

Aug. 25. Treaty with Siam signed at Bangkok, supplementary to convention of Feb. 14, 1925.

Aug. 27. Agreement with Switzerland concerning the backwash of the Rhine from Kembs to Bâle and declaration concerning the exchange of civil acts signed.

Sept. 1. Agreement with Saar regarding telephonic communications signed on July 26 and Sept. 1.

Sept. 8. Commercial treaty with Greece signed.

Oct. 20. Commercial *modus vivendi* concluded with Guatemala by exchange of notes.

Oct. 21. Ratifications exchanged of Protocol with Italy of Dec. 23, 1923, supplementing railway agreement of 1904.

Oct. 25. Agreement with Luxembourg regarding telephonic communications signed in Paris on Oct. 20 and at Luxembourg on Oct. 25.

Oct. 26. Agreement with Haiti, modifying arbitration protocol of Sept. 10, 1913, signed at Port-au-Prince.

Oct. 30. Agreement with Germany signed, concerning sequestration and liquidation of German property, rights and interests. Ratified by exchange of notes on Dec. 22.

Nov. 6. Agreement with Germany, regarding commercial exchanges between the Saar and Germany, signed in Berlin. Came into force provisionally on Dec. 1.

Nov. 19. Ratifications exchanged of legal convention with Poland of Dec. 30, 1925.

Dec. 4. Two agreements with Vatican signed (i) relating to religious observances in countries where capitulations have lapsed or been abolished; (ii) relating to religious observances in countries where French protection is in force (Texts: *E.N.* 26.2.27).

Dec. 17. Agreement concluded with Sweden by exchange of notes regarding exemption from taxation on grounds of family expenses.

Dec. 18. Commercial agreement with Hungary signed in Paris.

Dec. 23. Commercial agreement with Turkey signed at Aleppo.

See also under *Albania*, July 30; *Arabia*, Jan. 11; *Belgium*, Jan. 27, April 10, May 5, Aug. 15, Sept. 1; *China*, March 4; *Czechoslovakia*, Feb. 27; *Danube*; *Denmark*, July 5; *Germany*, Jan. 6, Dec. 11; *Locarno Pact*; *Morocco*; *Syria*; *Tangier*.

Germany

1926, Jan. 6. Air conference between France, Great Britain, Italy, Japan, Belgium, and Germany opened in Paris. May 22, agreement signed between Germany and Conference of Ambassadors laying down rules for German commercial aircraft. Came into force on Aug. 9 (Text: *L.N.T.S.* lviii). Aug. 31, Conference of Ambassadors informed Germany that the Inter-Allied Aeronautical Guarantee Committee would cease activities as from Sept. 1.

Jan. 7. Notes exchanged between Norway and Germany on Oct. 19, 1925, Nov. 3, 1925, and Jan. 7, 1926, regarding reciprocal rights of sojourn for the nationals of the respective countries.

Jan. 9. Agreement signed in Berlin with Switzerland regarding abolition of passport visas. Came into force on Jan. 20.

Jan. 12. Protocol signed constituting provisional agreement for the seasonal immigration of Polish agricultural workers into Germany during 1926. June 19, notes exchanged regarding conditions of immigration. Dec. 9, agreement for 1927 signed at Berlin, with arrangement to continue negotiations before Feb. 1927.

Jan. 27. Treaty with Poland regarding settlement of frontier disputes signed at Posen.

Feb. 1. Ratifications exchanged with Mexico of claims convention of March 16, 1925 (Text: *L.N.T.S.* lii). Mexico denounced treaty of commerce and navigation of Dec. 5, 1882. Expiration of treaty postponed by special arrangement of Oct. 10 until April 21, 1927.

Feb. 11. Ratifications exchanged of commercial and consular treaties and judicial assistance convention with Russia, signed at Moscow on Oct. 12, 1925. Came into force on May 12 (Texts: *L.N.T.S.* liii).

Feb. 11. Commercial and navigation treaty with Great Britain of Dec. 2, 1924, extended to include S. Rhodesia. On March 4, further extension made to cover other British Colonies and Protectorates.

Feb. 16. Agreement with Poland of Dec. 16, 1925, concerning family properties came into force.

Feb. 18. Telegraph convention with Switzerland signed at Berlin on Feb. 13 and at Berne on Feb. 18.

Feb. 26. Paraguay denounced commercial treaty of July 21, 1887.

March 4. Commercial treaty with Honduras signed at Guatemala City. Came into force on Aug. 8.

March 12. Inheritance agreement with Russia of Oct. 12, 1925, came into force.

March 20. Commercial treaty with Portugal signed at Lisbon. Ratifications exchanged on May 25. Came into force June 2 (Text: *L.N.T.S.* liii).

March 20. Ratifications exchanged of provisional commercial agreement with Spain of Nov. 18, 1925 (Text: *L.N.T.S.* liii).

March 24. Telegraph agreement with the Netherlands signed at The Hague on March 2, at Berlin on March 24. Came into force on April 1 (Text: *L.N.T.S.* li).

March 27. Agreement with Portugal relating to reciprocal recognition of tonnage measurement certificates signed at Lisbon. Came into force on Sept. 21.

March 27. Agreement with Poland signed in Berlin regarding railway traffic between Germany, Poland, and Danzig.

March 29. Ratifications exchanged of the convention with Haiti of Oct. 15, 1924, regarding offices of verification and compensation. Came into force same day (Text: *L.N.T.S.* lii).

March 31. Ratifications exchanged of agreement with Poland of March 5, 1924, regarding juridical relations and tutelage and civil and criminal law (Text: *L.N.T.S.* xlix).

April 24. Treaty of friendship and neutrality with U.S.S.R. signed at Berlin. Notes exchanged relating thereto on same date. Ratifications exchanged on June 29 (Text: *A.J.I.L.* July 1926; *E.N.* 15.2.26; *L.N.T.S.* liii).

May 5. Ratifications exchanged of (i) convention with Lithuania of May 31, 1925, relating to settlement of outstanding questions and (ii) of commercial treaty of June 1, 1923 (Texts: *L.N.T.S.* li).

May 7. Commercial treaty with Spain signed at Madrid. Ratifications exchanged on May 31. Came into force on June 1 (Text: *L.N.T.S.* liii).

May 14. Treaty of commerce and navigation with Sweden signed at Berlin. Ratifications exchanged on July 12. Came into force on Aug. 1 (Text: *L.N.T.S.* li). Additional arrangements concluded by exchange of notes of June 11 and 26, July 29, and Aug. 3.

May 20. Arbitration treaty with the Netherlands signed at The Hague.

June 9. Sanitary convention with Latvia signed in Berlin.

June 12. Ratifications exchanged of commercial treaty with Guatemala of Oct. 4, 1924. Came into force on June 3 (Text: *L.N.T.S.* lii).

June 15. Additional telegraph convention with Norway, modifying the convention of April 25/30, 1906, signed at Oslo on June 1 and at Berlin on June 15 (Text: *L.N.T.S.* li).

June 16. Agreement with Poland, regarding customs, transport and railway communications at Kurzebrack, signed at Berlin.

June 16. Agreement with Saar Governing Commission, concerning German officials placed temporarily at disposal of Commission, signed at Baden-Baden (Text: *L.N.T.S.* lv).

June 22. Ratifications exchanged with Poland of agreement of Dec. 30, 1924, regarding local frontier traffic. Came into force on July 7 (Text: *L.N.T.S.* lii).

June 26. Denunciation by Paraguay, as from Feb. 26, 1927, of commercial treaty of July 21, 1887.

June 28. Commercial treaty with Latvia signed at Riga, with supplementary agreement as to resumption of friendly relations. Ratifications exchanged on Dec. 1; came into force same day (Text: *L.N.T.S.* lviii).

July 12. Ratifications exchanged of arrangement with Greece of Aug. 9 and 28 and Dec. 24, 1925, regarding patents.

July 13. Exchange of notes with Sweden, constituting agreement for suppression of passport visas. Came into force on Oct. 1.

July 14. Commercial treaty with Switzerland signed at Berne. Ratifications exchanged on Dec. 1 (Text: *L.N.T.S.* lix).

Aug. 6. Agreement concluded with Japan regarding dyes, to come into force on conclusion of commercial agreement.

Aug. 10. Provisional agreement with Luxembourg regarding compensation for war damage signed in Berlin.

Aug. 17. Agreement with Poland signed, regarding administration of districts in frontier formed by River Oder.

Sept. 8. Germany admitted to membership in the League of Nations.

Sept. 10. Ratifications exchanged of commercial treaty and customs and credit treaty with the Netherlands of Nov. 26, 1925 (Text: *L.N.T.S.* lvii).

Sept. 10. Amnesty agreement signed by Inter-Allied Rhineland High Commission and Reichskommissar for Occupied Territories.

Oct. 5. Arrangement with Luxembourg concerning telephonic communications signed at Berlin on Sept. 21 and at Luxembourg on Oct. 5.

Oct. 6. Provisional contract signed between the Hohenzollerns and the Prussian Government for settlement of questions regarding Hohenzollern property. Law embodying agreement came into force on Oct. 30.

Oct. 29. Treaty of commerce with Turkey signed at Constantinople.

Oct. 30. Telephone agreement signed with Great Britain and Netherlands on Sept. 18, and on Oct. 18 and 30 (Text: *L.N.T.S.* lxi).

Dec. 8. Agreement with United States concluded by exchange of notes, regarding conversion into dollar credits of sums accruing to United States under Dawes Plan.

Dec. 9. Agreement with Italy concluded by exchange of notes supplementing commercial treaty of Oct. 31, 1925.

Dec. 11. Notes exchanged with Haiti at Port-au-Prince concerning the reciprocal protection of trade marks.

Dec. 11. Representatives of France, Great Britain, Italy, and Japan reached agreement at Geneva for withdrawal of Inter-Allied Military Commission of Control from Germany on Jan. 31, 1927. League Council adopted rules for exercise of its right of investigation into armaments of Germany, Austria, Hungary, and Bulgaria.

Dec. 21. Notes exchanged with Poland in Warsaw concerning establishment of a commission to settle disputes arising out of agreement of Aug. 30, 1924, on optants and nationality questions.

Dec. 22. Convention with Poland concerning the restoration of the Polish archives signed.

Dec. 29. Treaty of conciliation and arbitration with Italy signed at Rome (Text: *E.N.* Jan. 8, 1927).

See also under *Afghanistan*, March 3; *Austria*, Jan. 8, May 21, Oct. 18; *Belgium*, May 29, July 1, July 15, Aug. 19, Nov. 23; *Bulgaria*, Sept. 8, Dec. 22; *Denmark*, Jan. 25, March 20, April 12, May 4, June 2, Oct. 28; *Estonia*, July 10; *Finland*, Jan. 27, June 26, Aug. 30; *France*, Feb. 12, May 10, May 22, June 28, Aug. 5, Oct. 30, Nov. 6; *League of Nations*, Feb. 10, Feb. 12, March 8, Sept. 6; *Locarno Pact*; *Permanent Court*, Feb. 2.

Great Britain. See under *Abyssinia*; *Albania*, Feb. 6, June 10, July 22, July 30; *Arabia*, Jan. 11; *Belgium*, May 5, May 17; *China*, Jan. 7, Sept. 4, Sept. 5, Sept. 12, Sept. 18, Nov. 23, Dec. 8, Dec. 18, Dec. 20, Dec. 26; *Czechoslovakia*, Feb. 1, March 29, June 4; *Danube*; *Denmark*, June 4;

Estonia, Jan. 18, May 3, May 11, June 24; *Finland*, March 13; *France*, March 15, July 12; *Germany*, Jan. 6, Feb. 11, Oct. 30, Dec. 11; *Greece*, July 16, Nov. 30; *Hungary*, July 23; *Iceland*, June 4; *'Irāq*; *Irish Free State*; *Italy*, Jan. 29, Feb. 1, June 24, Sept. 10; *Jugoslavia*, June 18; *Latvia*, Feb. 15; *Lithuania*, May 18; *Locarno Pact*; *Maskat*; *Mexico*, Jan. 20, March 6, Nov. 19; *Netherlands*, April 27, May 20, June 19; *Paraguay*, Feb. 19; *Portugal*, May 20, Dec. 31; *Russia*, June 11; *Siam*, March 30; *Tangier*.

Greece

1926, Feb. 26. Greek Government asked League Council to obtain from Permanent Court interpretation of Art. 4 of Lausanne Treaty in connexion with dispute with Turkey over delimitation of frontier in Maritza delta. March 18, Council decided that Greek request could not be granted and referred dispute back to Mixed Delimitation Commission. Nov. 5, protocol delimiting Graeco-Turkish frontier signed at Athens.

March 17. Commercial agreement with Spain of Sept. 23, 1903, prolonged until April 30 by exchange of notes of March 12 and 17. Subsequently prolonged till May 31, and again till June 30.

March 31. Existing commercial treaties with Norway prolonged until April 30, by exchange of notes at Berlin of March 30 and 31; further prolonged until May 31 and again until Aug. 31.

April 29. Exchange of notes with Sweden at Athens prolonging commercial and navigation treaty of Oct. 27, 1852, till May 31.

May 12. Commercial treaty with Netherlands signed at Athens (Text: *L.N.T.S.* lxi).

June 23. Customs agreement with U.S.S.R. signed at Athens. Came into force on July 20.

July 16. Treaty of commerce and navigation with Great Britain signed in London.

Aug. 17. Treaty of alliance with Jugoslavia signed at Athens, together with series of technical conventions dealing with Jugoslav Free Zone at Salonica, Gevgeli-Salonica Railway, &c.

Aug. 22. *Coup d'état* in Athens; General Pángalos's régime overthrown by General Kondylis.

Sept. 10. Treaty of commerce with Sweden signed.

Sept. 10. Provisional commercial agreement with Italy signed at Athens. Commercial treaty signed on Nov. 24.

Nov. 29. Provisional commercial agreement with Switzerland signed at Berne. Came into force on Nov. 30 for one year.

Nov. 30. Agreement with Great Britain regarding tonnage measurement of merchant ships signed in London. Notes exchanged on Nov. 30 and Dec. 1 regarding consent to agreement of British Dominions and non-applicability to 'Irāq (Texts: *L.N.T.S.* lxi).

Dec. 1. Agreement with Turkey signed at Athens regarding property of Greeks in Turkey and of Turks in Greece.

See also under *Albania*, July 30, Oct. 13; *Belgium*, Sept. 10; *Bulgaria*, Feb. 6, June 10, July 28; *Denmark*, March 31; *Egypt*, April 10; *Finland*, June 22; *France*, Sept. 8; *Germany*, July 12.

Guatemala

1926, April 9. Commercial convention with Netherlands signed at Guatemala.

Aug. 2. Ratifications exchanged of agreement with Spain of May 29, 1925, for protection of trade marks.

Sept. 15. Treaty of commerce and navigation with Italy signed at Guatemala.

See also under *France*, Oct. 20; *Germany*, June 12; *Nicaragua*, Dec. 8.

Haiti

1926, July 8. Agreement effected by exchange of notes with United States of America according mutual unconditional most-favoured-nation treatment in customs matters. Came into force on Oct. 1 (Text: *U.S. Treaty Series*, No. 746).

Sept. 7. Treaty of commerce with Netherlands signed at Port-au-Prince.

See also under *France*, July 29, Oct. 26; *Germany*, March 29, Dec. 11.

Hijāz. See under *Arabia.*

Honduras. See under *Germany*, March 4.

Hungary

1926, Feb. 12. Ratifications exchanged with Netherlands of commercial agreement of Dec. 9, 1924 (Text: *L.N.T.S.* xlvii).

March 30. Agreement with Italy signed modifying the convention of March 27, 1924, regarding private debts. Ratifications exchanged on May 18 (Text: *L.N.T.S.* liv).

April 8. Ratifications exchanged of commercial convention with Spain of June 17, 1925 (Text: *L.N.T.S.* lx).

May 26. Sentence passed by Hungarian Court on Prince Ludwig Windischgraetz and other persons guilty of forging French franc notes.

June 10. League of Nations Council decided to terminate control over Hungarian finances and withdraw its Commissioner-General at Budapest from June 30, 1926.

June 24. Agreements with Jugoslavia signed: (i) concerning exchange of political prisoners. Final protocol signed on July 28; (ii) commercial agreement together with veterinary convention and five conventions concerning management of frontier stations, railways, and bridges.

July 23. Commercial treaty with Great Britain signed in London.

Sept. 4. Ratifications exchanged with United States of treaty of commerce and friendship and consular affairs of June 24, 1925 (Text: *L.N.T.S.* lviii).

Nov. 17. Agreement with Rumania concerning the Railway of Arad-Czanád signed at Arad (Text: *L.N.T.S.* lxi).

See also under *Austria*, April 9, April 13, May 10, July 14; *Belgium*, Sept. 30; *Czechoslovakia*, Feb. 19, April 14, Aug. 26; *Finland*, April 20; *France*, Feb. 21, Dec. 18; *Germany*, Dec. 11.

Iceland

1926, Jan. 30. Ratifications exchanged of treaty of commerce and navigation with Latvia of Nov. 3, 1924 (Text: *L.N.T.S.* xliii).

June 4. Agreement with Great Britain signed, renewing for five years convention for pacific settlement of disputes of Oct. 25, 1905 (Text: *L.N.T.S.* lxi).

June 24. Notes exchanged with U.S.S.R. on June 22 and 24, regarding *de jure* recognition of Soviet Government.

June 26. Notes exchanged with Norway on May 19 and June 26 concerning interpretation of declaration of Aug. 10, 1883, regarding mutual support of indigent sailors.

See also under *Denmark*, Jan. 28; *Finland*, Nov. 15; *France*, April 14.

India

1926, March 20. Agreement with French Indo-China signed on March 15 and 20 regarding the direct supply of opium from India.

April 4. Agreement with Irish Free State regarding exchange of money orders, signed at Delhi on March 5 and at Dublin on April 4. Came into force on June 1 (Text: *L.N.T.S.* lvi).

See also under *France*, June 19; *Latvia*, Jan. 1.

'Irāq

1926, Jan. 13. Treaty with Great Britain signed in Baghdad providing for continuance of special relations for twenty-five years, in accordance with League of Nations decision of Dec. 16, 1925, regarding frontier between 'Irāq and Turkey. Ratifications exchanged on March 30, 1926 (Text: *Cmd.* 2662; *L.N.T.S.* xlvii).

June 5. Treaty between Great Britain, 'Irāq and Turkey signed at Angora regarding the frontier between 'Irāq and Turkey. Ratifications exchanged on July 18 (Text: *Cmd.* 2679).

Irish Free State

1926, April 14. Agreement with Great Britain signed for the avoidance of double taxation (Text: *Cmd.* 2632).

May 10. Parcel Post Convention with United States signed at Dublin on April 23 and at Washington on May 10. Came into force on May 1 (Text: *L.N.T.S.* lvi).

See also under *India*, April 4; *Latvia*, Jan. 1.

Italy

1926, Jan. 25. Senate adopted Bill depriving of rights of citizenship Italians resident abroad who committed acts damaging to Italian interests.

Jan. 29. Notes exchanged with Great Britain on Dec. 14, 1925, and Jan. 29, 1926, regarding deportation of British Somali subjects expelled from Italian Somaliland and of Italian native subjects expelled from Aden. Came into force same day (Text: *Cmd.* 2617; *L.N.T.S.* xlvii).

Feb. 1. Agreement with Great Britain for exchange of money orders, concluded on Oct. 29 and Dec. 20, 1925, came into force (Text: *L.N.T.S.* xlix). On May 25, Great Britain denounced money order convention of March 4, 1872.

Feb. 18. Special telegraph convention with Switzerland signed at Rome on Dec. 22, 1925, and at Berne on Feb. 18. Came into force on April 1.

April 14. Telegraph and telephone agreement concluded with Jugoslavia by exchange of notes of March 31 and April 14.

May 9. Treaty of friendship, commerce and navigation with Siam signed in Rome, together with protocol regarding jurisdiction applicable to Italians in Siam (Text: *L.N.T.S.* lxi).

May 25. Agreement with Sweden concerning exemption of legations from taxation concluded by exchange of notes on May 7 and 25.

June 12. Notes exchanged with Latvia on May 27 and June 12 regarding abolition of passport visas (Text: *L.N.T.S.* li).

June 15. Agreement for consolidation of Rumanian war debt to Italy concluded in Rome.

June 19. Extradition treaty concluded with Turkey.

June 24. Notes exchanged with Great Britain concerning reciprocal recognition of proof marks on firearms (Text: *Cmd.* 2728; *L.N.T.S.* lvii).

June 26. Ratifications exchanged of agreement with Poland of July 22, 1925, regarding financial regulation of insurance companies (Text: *L.N.T.S.* liv).

July 16. Agreement concerning hunting concluded with San Marino.

Aug. 7. Convention of arbitration with Spain signed. Ratifications exchanged on Oct. 16 (Text: *E.N.* 11.9.26).

Aug. 10. Juridical convention with Turkey signed in Rome.

Sept. 10. Notes exchanged with Great Britain on Sept. 1 and 10 concerning reciprocal travelling facilities for British and Italian naval ratings. Came into force on Sept. 10.

Sept. 16. Treaty of friendship and collaboration with Rumania signed (Text: *E.N.* 8.1.27).

Dec. 18. Agreement for the consolidation of the Polish debt concluded at Warsaw.

See also under *Abyssinia*; *Albania*, Jan. 21, July 30, Nov. 27; *Arabia*, Sept. 2; *Austria*, March 22, July 7, July 14; *China*, Aug. 13; *Czechoslovakia*, May 4, May 31; *Danube*; *Egypt*, Feb. 7; *France*, April 7, May 29, Oct. 21; *Germany*, Jan. 6, Dec. 9, Dec. 11, Dec. 29; *Greece*, Sept. 10; *Guatemala*, Sept. 15; *Hungary*, March 30; *Locarno Pact*; *Tangier*.

Japan. See under *Albania*, July 30; *China*, March 9, Oct. 21; *Czechoslovakia*, Oct. 20; *Denmark*, June 5; *Finland*, Oct. 22; *Germany*, Jan. 6, Aug. 6, Dec. 11.

Jugoslavia

1926, Feb. 1. Ratifications exchanged of treaty of peace and friendship with Turkey of Oct. 28, 1925. Came into force on Feb. 16.

May 3. Agreement signed in Washington for consolidation of debt to U.S.A.

June 13. Protocol signed at Bucarest prolonging for a further period of three years treaty of alliance with Rumania of June 7, 1921. Ratifications exchanged on June 17 (Text: *L.N.T.S.* liv).

June 18. Provisional commercial agreement with Great Britain concluded by exchange of notes (Text: *L.N.T.S.* lvii).

Sept. 15. Treaty of friendship and arbitration with Poland signed at Geneva.

See also under *Albania*, June 22, July 30; *Austria*, Aug. 12; *Belgium*, Jan. 16, Sept. 17; *Bulgaria*, June 10, July 28; *Czechoslovakia*, June 13; *Greece*, Aug. 17; *Hungary*, June 24; *Italy*, April 14.

Latvia

1926, Jan. 1. Extradition treaty of July 16, 1924, with Great Britain, made applicable as from Jan. 1, 1926, to Australia, New Zealand, South Africa, Irish Free State, Newfoundland and India.

Feb. 1. Provisional commercial agreement with United States signed (Text: *L.N.T.S.* lv).

Feb. 15. Agreement of Aug. 13, 1925, with Great Britain, in regard to debt for war supplies, came into force (Text: *L.N.T.S.* lvi).

Feb. 18. Notes exchanged with Norway on Dec. 23, 1925, and Feb. 18, 1926, regarding interpretation of treaty of commerce and navigation of Aug. 14, 1924.

June 18. Ratifications exchanged of declaration with Sweden of Nov. 15, 1924, regarding reciprocal application of Hague Convention relating to civil procedure (Text: *L.N.T.S.* lvi).

July 19. Agreement with Russia signed at Riga concerning the settlement of frontier disputes.

Oct. 21. Treaty of arbitration and neutrality with Russia signed at Riga.

Oct. 27. Ratifications exchanged with Turkey of treaty of friendship of Jan. 3, 1925 (Text: *L.N.T.S.* lix).

Dec. 23. Protocol signed with Russia relating to exchange of prisoners.

See also under *Belgium*, Aug. 6, Oct. 10; *Czechoslovakia*, July 6; *Finland*, Sept. 17; *Germany*, June 9, June 28; *Iceland*, Jan. 30; *Italy*, June 12.

League of Nations

1926, Jan. 12–29. Second session of Committee of Experts for Progressive Codification of International Law held at Geneva. Ten subcommittees appointed to study certain questions.

Jan. 16. Institute of Intellectual Co-operation in Paris officially inaugurated.

Feb. 10. Formal application from Germany for admission into League received by Secretary General.

Feb. 12. Council, meeting in extraordinary session, decided to convene special session of Assembly for March 5 to consider Germany's application.

Feb. 16–March 6. Permanent Mandates Commission met in Rome to examine French Government's report on administration of Syria.

March 8–19. Thirty-ninth session of Council held in Geneva. Council failed to agree on question of its composition. Statute for Rome Institute for Unification of Private Law adopted.

March 8–17. Special session of Assembly held. Decided to postpone question of admission of Germany till September owing to disagreement as to Composition of Council; Committee on Composition of Council appointed.

April 26–May 1. Preparatory Committee for International Economic Conference met at Geneva. Second session held from Nov. 15–19.

May 10–18. Committee on Composition of Council held first session at Geneva. Second session held from Aug. 30–Sept. 3.

May 18–26. Preparatory Commission for Disarmament Conference held first session at Geneva. Further sessions held on Sept. 22 and 27. Sub-Commission A (Military, Naval, and Air Questions) held session from May 28–July 6; from Aug. 2–Sept. 9; and from Sept. 27–Nov. 5. Sub-Commission B (economic questions) held sessions on May 26, and on Nov. 29–30. Joint Commission to advise on economic aspects held sessions from June 28–July 1; from Sept. 30–Oct. 5; and from Oct. 19–27.

June 7–10. Fortieth session of Council held at Geneva. On June 10, Brazilian delegate notified Council of Brazil's resignation from the Council and intention to withdraw from the League. Telegram giving notice of withdrawal from League received from Brazil on June 14.

Sept. 2–7. Forty-first session of Council held at Geneva. On Sept. 4, Council approved report of Committee on Composition of Council and agreed that Germany should be only permanent member of Council recommended for election, but that number of non-permanent seats should be increased to nine.

Sept. 6–25. Seventh (ordinary) session of Assembly held in Geneva. Sept. 8, Germany admitted to membership of League. Sept. 15, Assembly adopted regulations relating to election, term of office and conditions of re-eligibility of non-permanent members of Council. Sept. 25, Slavery Convention opened for signature.

Sept. 11. Spain gave preliminary notification of withdrawal from the League.

Sept. 16–20. Forty-second session of Council held at Geneva.

Dec. 6–11. Forty-third session of Council held at Geneva.

See also under *Abyssinia*; *Austria*, Jan. 1; *Bulgaria*, June 10; *Estonia*, Dec. 10; *Germany*, Dec. 11; *Greece*, Feb. 26; *Hungary*, June 10; *Nicaragua*, Aug. 27.

Liberia

1926, Feb. 10. Arbitration convention with United States signed. Ratifications exchanged on Sept. 27 (Text: U.S. *Treaty Series*, No. 747; *L.N.T.S.* lvi).

Lithuania

1926, Jan. 27. Regulations promulgated by Lithuanian Government providing for floating of timber down the Niemen.

Feb. 1. Railway agreement with Poland signed.

Feb. 2. Provisional commercial agreement with United States signed.

May 18. Extradition treaty with Great Britain signed at Kovno (Text: *L.N.T.S.* lxi).

Sept. 28. Treaty of non-aggression with U.S.S.R. signed at Moscow. Ratifications exchanged on Nov. 9 (Text: *L.N.T.S.* lx).

Oct. 29. Ratifications exchanged of agreement with Sweden of June 11, 1925, for institution of a conciliation commission (Text: *L.N.T.S.* lvii).

Dec. 17. *Coup d'état* at Kovno. New government formed with Pro-

fessor Voldemaras (Nationalist) as Prime Minister and Minister for Foreign Affairs.

Dec. 25. Agreement signed at Geneva with Poland regarding the liberation of detained persons.

See also under *Denmark*, Dec. 11; *Germany*, May 5.

Locarno Pact

1926, Sept. 14. Ratifications deposited at Geneva of Treaty of Mutual Guarantee between Great Britain, France, Germany, Italy, and Belgium, initialled at Locarno on Oct. 16, 1925, and signed in London on Dec. 1, 1925; treaty came into force same day (Text: *Cmd.* 2764).

Luxembourg. See under *Belgium*, March 6, Aug. 24, Oct. 14, Oct. 20, Dec. 11; *France*, Jan. 16, Oct. 25; *Germany*, Aug. 10, Oct. 5.

Maskat

1926, Feb. 11. Agreement with Great Britain prolonging for a further period of one year from Feb. 11, 1926, the treaty of friendship, commerce, and navigation of March 19, 1891, signed at Maskat (Text: *L.N.T.S.* lvii).

Mexico

1926, Jan. 20. Mexican Aliens Law concerning ownership of land, mineral wealth, and oil wells came into force. Jan. 28, United States Government sent note of protest on ground that law was retroactive and confiscatory. Further U.S. note sent on Feb. 5. On Feb. 9, Great Britain sent similar note. Mexican Government replied to first U.S. note on Feb. 12, and to second on March 27, giving assurance that new law would not be retroactive. Further correspondence from July 31 to Nov. 17.

Jan. 25. Presidential decree issued withdrawing decree of June 30, 1924, suspending service of external debt and approving agreement of Oct. 23, 1924, with International Commission of Bankers regarding debt.

March 6. Mexico denounced as from Dec. 22, 1926, treaty of friendship, commerce, and navigation with Great Britain of Nov. 7, 1888.

March 18. Ratifications exchanged of convention with United States of Dec. 23, 1925, regarding smuggling, navigation, and fishing questions (Text: *L.N.T.S.* xlviii).

May 11. Telegraph agreement signed with Salvador.

May 15. Papal nuncio deported, as result of dispute concerning treatment of Catholic clergy under Mexican constitution. Aug. 1, Government regulations for enforcing 'anti-clerical' provisions of constitution came into force. Enforcement of regulations accompanied by riots.

June 30. Ratifications exchanged with United States of supplementary extradition convention of Dec. 23, 1925.

July 7. Ratifications exchanged of claims convention with Spain of Nov. 26, 1925.

Aug. 17. Announced that U.S. policy of non-intervention in Mexico would be continued and that there would be no interference in conflict between Government and Catholic Church.

Nov. 19. Convention with Great Britain for settlement of British claims signed at Mexico City (Text: *Cmd.* 2876).

Dec. 31. New oil regulations came into force.

See also under *Cuba*, Aug. 3; *Denmark*, Dec. 7; *Germany*, Feb. 1; *Nicaragua*, Aug. 27, Nov. 15, Dec. 11.

Morocco

1926, April 9. Officially announced that French and Spanish Governments had decided to negotiate with 'Abdu' l-Karīm.

April 18. Preliminary meeting between Rīfī and French and Spanish delegations held at Camp Berteaux.

April 27. Conference between French, Spanish and Rīfī delegates opened at Wajdā. Conference broke down on May 6.

May 7. Franco-Spanish offensive began.

May 27. 'Abdu' l-Karīm surrendered to French forces.

June 14–July 10. Franco-Spanish Conference held in Paris. Agreement reached for delimitation of French and Spanish zones, naval supervision of Moroccan coastline, and military and administrative co-operation on land. Agreement signed by M. Briand and Marquis de Estella on July 13.

See also under *Spain*, Aug. 4.

Najd. See under *Arabia.*

Netherlands

1926, Jan. 19. Convention with United States for exchange of money orders signed. Came into force on March 1 (Text: *L.N.T.S.* l).

Feb. 16. Ratifications exchanged with Norway of provisional air navigation agreement of Jan. 8, 1925 (Text: *L.N.T.S.* xlvi).

April 27. Telegraph convention with Great Britain signed in London on April 13 and at The Hague on April 27 (Text: *L.N.T.S.* l).

May 4. Ratifications exchanged of agreement with Norway of Jan. 9, 1925, regarding compensation for accidents to seamen and industrial workers (Text: *L.N.T.S.* xlviii).

May 20. Agreement with Great Britain signed in London for reciprocal exemption from income tax of profits derived from the shipping business (Text: *Cmd.* 2669; *L.N.T.S.* l).

June 19. Agreement signed with Great Britain in Paris regarding sanitary control over Mecca pilgrims at Kamaran Island (Text: *Cmd.* 2741; *L.N.T.S.* lvii). Notes confirming agreement exchanged on July 22 and Aug. 14.

Aug. 5. Commercial convention with Portugal of Aug. 27, 1924, prolonged till Sept. 1, 1927, by exchange of notes.

Aug. 11. Provisional commercial agreement concluded with Turkey by exchange of notes at Angora of Feb. 11 and Aug. 11 (Text: *L.N.T.S.* xlviii).

Aug. 24. Ratifications exchanged of treaty of friendship, commerce, and navigation with Siam of June 8, 1925 (Text: *L.N.T.S.* lvi).

Aug. 26. Ratifications exchanged of air navigation agreement with Switzerland of May 18, 1925 (Text: *L.N.T.S.* liv).

Sept. 18. Ratifications exchanged of provisional air navigation convention with Sweden of Nov. 21, 1925 (Text: *L.N.T.S.* lv).

Sept. 21. Agreement with Norway regarding communication of penal sentences concluded by exchange of notes at Oslo (Text: *L.N.T.S.* lvi).

Oct. 18. Ratifications exchanged of provisional air navigation convention with Poland of Nov. 4, 1925 (Text: *L.N.T.S.* lviii).

See also under *Abyssinia*, Sept. 30, Oct. 2; *Austria*, June 3, Aug. 4; *Belgium*, March 5, March 15, Oct. 23; *Denmark*, July 23, Oct. 27; *Estonia*, May 4; *Finland*, Feb. 27; *Germany*, March 24, May 20, Sept. 10, Oct. 30; *Greece*, May 12; *Guatemala*, April 9; *Haiti*; *Hungary*, Feb. 12.

Newfoundland

1926, Feb. 10. Postal convention with United States signed at St. John's on Jan. 30, and at Washington on Feb. 10.

See also under *Latvia*, Jan. 1.

New Zealand. See under *Latvia*, Jan. 1.

Nicaragua

1926, Jan. 13. Nicaraguan Congress declared sentence of banishment for two years against Liberal Vice-President Juan Batista Sacasa, who had fled country as result of coup on Oct. 25, 1925, by Conservative leader and former President, Señor Emiliano Chamorro.

Jan. 14. Liberal President Carlos Solorzano resigned.

Jan. 17. Señor Emiliano Chamorro elected President by Congress. In accordance with previous decision, United States' recognition withdrawn.

May 2. Liberal revolutionaries captured towns of Bluefields and Rama on Atlantic coast, in attempt to oust Señor Chamorro from power.

May 4. Government declared state of war and sent military force to Atlantic coast.

Aug. 18. Troops mobilized to deal with fresh revolutionary outbreaks round Leon Chinandega and Corinto.

Aug. 27. Nicaraguan Foreign Minister protested to League of Nations against alleged freebooting expedition carried out by Mexican warship in aid of revolutionaries. Nicaraguan telegram forwarded by Secretary-General to Mexican Government. Sept. 1, Mexican Government replied that Mexico had nothing to do with the League of Nations.

Aug. 29. United States seamen and marines landed at Bluefields to protect foreign lives and property.

Sept. 1. Battle between Government troops and revolutionaries near Coseguina, resulting in defeat of latter. Bombardment of El Bluff by Revolutionaries began on Sept. 4.

Sept. 12. American chargé d'affaires at Managua received instructions to mediate between contending factions with a view to a truce.

Sept. 15. United States President signed order prohibiting export of arms and munitions to Nicaragua.

Sept. 23. Agreement for armistice for 15 days signed on U.S. cruiser. Peace conference held during October at Corinto between Liberal and Conservative leaders proved unsuccessful.

Oct. 30. President Chamorro resigned.
Nov. 11. Congress elected Señor Adolfo Diaz President.
Nov. 15. President Diaz asked for support of United States with a view to reaching an agreement with Liberals and avoiding further hostilities and invasions on part of Mexican Government.
Nov. 17. President Diaz notified that United States recognized his Government.
Nov. 26. Conference held on U.S. cruiser between U.S. representative and revolutionary leader.
Dec. 2. Former Vice-President Juan B. Sacasa inaugurated 'Constitutional President' of Nicaragua by revolutionaries at Puerto Cabezas. Dr. Sacasa's Government subsequently recognized by Mexico.
Dec. 8. Government of Guatemala in note to Sacasa Government offered to mediate between it and Diaz Government. Latter Government declined offer on December 19.
Dec. 11. Manifesto issued by President Diaz accusing Mexican Government of aiding Liberal Revolutionaries. Dr. Sacasa on Dec. 14 denied that he was receiving Mexican support.
Dec. 18. Salvador recognized Diaz Government.
Dec. 23. President Diaz again asked for U.S. intervention. U.S. Marines landed at Rio Grande Bar and at Puerto Cabezas; neutral zone, comprising territory lying within rifle fire of American foreign properties, established at Puerto Cabezas.
Dec. 25. Dr. Sacasa's representative in Washington protested that landing of marines at Puerto Cabezas constituted armed intervention.

Norway

1926, Feb. 17. Ratifications exchanged of treaty of friendship with Turkey of May 2, 1925 (Text: *L.N.T.S.* lvi).
March 3. Ratifications exchanged of treaty of friendship, commerce, and navigation with U.S.S.R. of Dec. 15, 1925 (Text: *L.N.T.S.* xlvii).
April 9. Declaration signed at Oslo with U.S.S.R. concerning reciprocal recognition of tonnage measurement certificates (Text: *L.N.T.S.* xlviii).
July 8. Ratifications exchanged of conciliation treaty with Switzerland of Aug. 21, 1925 (Text: *L.N.T.S.* li).
July 16. Treaty of friendship, commerce, and navigation with Siam signed at Oslo (Text: *L.N.T.S.* lx).
Aug. 11. Provisional commercial agreement concluded with Turkey by exchange of notes at Angora on Feb. 11 and Aug. 11, 1926 (Text: *L.N.T.S.* xlvii).
Oct. 13. Exchange of notes of Aug. 5 and Oct. 13 with Spain, additional to commercial convention of Oct. 7, 1922 (Text: *L.N.T.S.* lix).
Dec. 22. Treaty of commerce and navigation with Poland signed at Warsaw.
See also under *Austria*, Feb. 6, April 16; *Canada*; *Denmark*, Jan. 1, Jan. 15, Jan. 28, June 26, July 9, Dec. 15; *Estonia*, Aug. 12;

Finland, Jan. 21, Feb. 3, May 18, Sept. 20; *France*, June 11; *Germany*, Jan. 6, June 15; *Greece*, March 31; *Iceland*, June 26; *Latvia*, Feb. 18; *Netherlands*, Feb. 16, May 4, Sept. 21.

Palestine

1926, Feb. 2. Treaty of friendship with Syria signed at Jerusalem. Came into force same day (Text: *Cmd.* 2919; *L.N.T.S.* lvi).

March 13. Agreement with Syria regarding importation of antiquities signed.

March 30. Agreement with Syria signed regarding division between respective Governments of proceeds of taxes on animals.

March 30. General strike of Arabs in Palestine as protest against French administration in Syria.

Panama

1926, July 28. Treaty with United States signed at Washington, defining relations between the two countries and replacing the Taft Agreement; claims convention also signed (Text: *E.N.* 29.1.27).

Paraguay

1926, Feb. 19. Paraguay denounced as from Feb. 19, 1927, clause 3 of peace treaty with Spain of Sept. 10, 1880.

Feb. 19. Paraguay denounced treaty of friendship, commerce, and navigation with Great Britain of Oct. 16, 1884.

Sept. 15. Ratifications exchanged of treaty with Spain of July 8, 1925, concerning literary, artistic, and scientific property.

See also under *Argentina*, Feb. 1; *Belgium*, Jan. 19, Jan. 20; *France*, Jan. 19; *Germany*, Feb. 26, June 26.

Permanent Court of International Justice

1926, Jan. 27. Senate of United States adopted resolution recommending adherence to Permanent Court subject to five reservations.

Feb. 2–May 25. Tenth (extraordinary) session held at The Hague. May 25, Judgment given in case of certain German interests in Upper Silesia.

June 15–July 31. Eleventh (ordinary) session held at The Hague. Advisory opinion delivered on July 23 on question regarding competence of International Labour Organization in connexion with drawing up of Labour legislation. On July 31, Rules of Court, as amended during this session, came into force.

Sept. 1–22. Conference of states signatories of Protocol of Signature of Statute of Permanent Court met at Geneva to consider American reservations. Final Act approved recommending acceptance of first four reservations, but not of fifth, and recognizing that adherence of United States under special conditions formulated by Senate would necessitate an agreement between United States and signatories of Protocol.

Nov. 11. President Coolidge, in address at Kansas City, announced that there was no prospect of United States adhering to Court unless conditions laid down in Senate resolution were fulfilled.

Persia

1926, April 22. Treaty of neutrality for five years with Turkey signed at Teheran (Text: *Europ. Econ. and Polit. Survey*, July 15, 1926).

April 23. Passport agreement with United States signed; came into force on May 15.

May 31. Commercial treaty with Turkey signed at Angora.

Peru. See under *Chile*, Jan. 12.

Poland

1926, Jan. 31. Polish-Soviet Chamber of Commerce opened in Warsaw.

March 26. New treaty of alliance with Rumania, replacing that of March 3, 1921, and valid for five years, signed at Bucarest (Text: *L.N.T.S.* lx).

April 1. Ratifications exchanged of consular agreement with U.S.S.R. of July 18, 1924 (Text: *L.N.T.S.* xlix).

April 30. Passport agreement with U.S.S.R. concluded.

May 12. Military revolt broke out in Warsaw led by Marshal Pilsudski. May 14, members of Government fled; President Wojciechowski and Cabinet resigned; new Government organized by Marshal Pilsudski. May 31, Marshal Pilsudski elected President by National Assembly but refused to accept election. June 1, Professor Moščicki elected President. July 22, Bill modifying constitution and increasing power of President approved by Diet. Bill passed Senate on July 31. Laws promulgated on Aug. 5. Oct. 3, Marshal Pilsudski formed new Government with himself as Prime Minister.

June 11. Ratifications exchanged of arbitration convention with Switzerland of March 7, 1925 (Text: *L.N.T.S.* l).

July 8. Ratifications exchanged of air navigation agreement with Sweden of Oct. 1, 1925.

Aug. 12. Transport agreement with U.S.S.R. signed at Posen.

See also under *Austria*, April 16, July 13; *Belgium*, June 26; *Czechoslovakia*, Feb. 10, March 11, April 14, April 15, April 22, May 27, Oct. 22; *Danzig*; *Denmark*, April 23; *Estonia*, Feb. 20; *France*, March 1, Nov. 19; *Germany*, Jan. 12, Jan. 27, Feb. 16, March 27, March 31, June 16, June 22, Aug. 17, Dec. 21, Dec. 22; *Italy*, June 26, Dec. 18; *Jugoslavia*, Sept. 15; *Lithuania*, Feb. 1, Dec. 25; *Netherlands*, Oct. 18; *Norway*, Dec. 22.

Portugal

1926, April 16. Ratifications exchanged of agreement with United States of Sept. 5, 1923, renewing for five years arbitration convention of April 6, 1908 (Text: *L.N.T.S.* l).

May 20. Agreement with Great Britain regarding tonnage measurement of merchant ships signed in London (Text: *Cmd.* 2670; *L.N.T.S.* l).

May 28. Revolution started at Braga. May 29, Cabinet resigned. June 1, President Machado resigned; Military Government formed under General Gomez da Costa. General da Costa arrested on July 10 by order of General Camorna, and exiled to Azores on July 14.

June 22. Agreement signed at Cape Town by Portuguese and South African delegation regarding frontier between Angola and S.W. Africa. June 30, Agreement signed regarding development of hydraulic power at Ruacana waterfalls and utilization of flood waters of Kunene River.

June 29. Convention with Spain for the delimitation of the Spanish-Portuguese frontier from the confluence of the rivers Curcos and Guadiana to the mouth of the Guadiana, signed at Lisbon.

July 31. Ratifications exchanged of treaty of friendship, commerce, and navigation with Siam of Aug. 14, 1925 (Text: *L.N.T.S.* lii).

Aug. 25. Agreement for abolition of passport visas concluded with Spain.

Nov. 17. Declaration with Spain concerning mutual recognition of tonnage certificates, signed at Madrid.

Dec. 31. Agreement signed for funding Portuguese war debt to Great Britain (Text: *Cmd.* 2791; *L.N.T.S.* lxi).

See also under *Belgium*, Dec. 10; *France*, March 18, June 17; *Germany*, March 20, March 27; *Netherlands*, Aug. 5.

Ruanda-Urandi. See under *Belgium*, May 17.

Rumania

1926, Feb. 3. Treaty of arbitration and conciliation with Switzerland signed in Berne. Ratifications exchanged on Aug. 27, 1926 (Text: *L.N.T.S.* lv).

Feb. 26. Commercial agreement with United States concluded by exchange of notes at Bucarest (Text: *L.N.T.S.* li).

See also under *Austria*, March 4, Nov. 4; *Bulgaria*, June 10, July 28; *Czechoslovakia*, Jan. 15, March 20, June 13, July 9; *Danube*; *France*, June 10; *Hungary*, Nov. 17; *Italy*, June 15, Sept. 16; *Jugoslavia*, June 13; *Poland*, March 26.

Russia

1926, June 11. British Government sent note to Soviet Government regarding money sent to Great Britain during general strike.

June 30. Ratifications exchanged of treaty of neutrality with Turkey of Dec. 17, 1925.

Aug. 23. Soviet Government recognized *de jure* by Uruguay.

See also under *Afghanistan*; *Arabia*, Jan. 11; *China*, Jan. 21, Sept. 11; *Estonia*, March 4; *Germany*, Feb. 11, March 12, April 24; *Greece*, June 23; *Iceland*, June 24; *Latvia*, July 19, Oct. 21, Dec. 23; *Lithuania*, Sept. 28; *Norway*, March 3, April 9; *Poland*, Jan. 31, April 1, April 30, Aug. 12; *Sweden*, July 21.

Saar Basin. See under *France*, May 27, Sept. 1, Nov. 6; *Germany*, June 16.

Salvador

1926, Feb. 22. Treaty of friendship, commerce, and consular rights with United States signed at San Salvador.

See also under *Mexico*, May 11; *Nicaragua*, Dec. 18.

San Marino. See under *Italy*, July 16.

Siam

1926, Jan. 12. Agreement with Straits Settlements signed on Jan. 6 and 12 modifying parcel post convention of Nov. 7/15, 1921 (Text: *L.N.T.S.* xlix).

March 30. Ratifications exchanged of treaties signed with Great

Britain on July 14, 1925; (i) treaty for revision of mutual treaty arrangements with protocol concerning jurisdiction applicable in Siam to British subjects: (ii) treaty of commerce and navigation (Texts: *Cmd.* 2642 and 2643; *L.N.T.S.* xlix). Agreement additional to (ii) concluded by exchange of notes at Bangkok on Sept. 30.

July 28. Ratifications exchanged of treaty of friendship, commerce, and navigation of August 3, 1925, with Spain (Text: *L.N.T.S.* lv).

Oct. 25. Ratifications exchanged of treaty of friendship, commerce, and consular rights with Sweden of Dec. 19, 1925. Came into force same day (Text: *L.N.T.S.* lviii).

See also under *Belgium*, July 13; *Denmark*, March 13; *France*, Jan. 12, Aug. 25; *Italy*, May 9; *Netherlands*, Aug. 24; *Norway*, July 16; *Portugal*, July 31.

South Africa. See under *Latvia*, Jan. 1; *Portugal*, June 22.

Spain

1926, Jan. 9. Judicial convention with Switzerland concluded by exchange of notes.

Feb. 10. Liquor smuggling treaty with United States signed at Washington.

April 20. Treaty with Switzerland for conciliation and judicial settlement of disputes signed at Madrid (Text: *L.N.T.S.* lx).

Aug. 4. Declaration signed at Berne by which Swiss Government renounced capitulatory rights in Spanish zone of Morocco. Notes exchanged providing for extension to Spanish zone of Spanish-Swiss extradition treaty of Aug. 21, 1883.

See also under *France*, April 16, May 25, Aug. 7, Aug. 14; *Germany*, March 20, May 7; *Greece*, March 17; *Guatemala*, Aug. 2; *Hungary*, April 8; *Italy*, Aug. 7; *League of Nations*, Sept. 11; *Mexico*, July 7; *Morocco*; *Norway*, Oct. 13; *Paraguay*; *Portugal*, June 29, Aug. 25, Nov. 17; *Siam*, July 28; *Tangier.*

Straits Settlements. See under *Siam*, Jan. 12.

Sudan. See under *Arabia*, Dec. 18.

Sweden

1926, May 15. Commercial treaty concluded with Turkey by exchange of notes. Further provisional agreement concluded by exchange of notes on Nov. 27, to come into force on Dec. 1.

July 21. Notes exchanged with U.S.S.R. at Moscow regarding reciprocal registration of trade-marks (Text: *L.N.T.S.* lvii).

July 31. Agreement with United States concluded by exchange of notes of July 14, 27, and 31, at Washington, regarding the inspection of emigrants.

See also under *Austria*, May 28; *Belgium*, April 30; *Bulgaria*, Feb. 6; *Czechoslovakia*, Jan. 2; *Denmark*, Jan. 1, Jan. 14, Jan. 28, July 9; *Estonia*, Feb. 25; *Finland*, Jan. 5, Jan. 29; *France*, July 19, Dec. 17; *Germany*, May 14, July 13; *Greece*, April 29, Sept. 10; *Italy*, May 25; *Latvia*, June 18; *Lithuania*, Oct. 29; *Netherlands*, Sept. 18; *Poland*, July 8; *Siam*, Oct. 25.

Switzerland

1926, April 17. Provisional commercial agreement replacing that of Sept. 19, 1925, concluded with Turkey by exchange of notes at Berne.

Nov. 26. Protocol additional to extradition treaty of Feb. 27, 1923, with Uruguay, signed at Montevideo.

See also under *Argentina*, June 24; *Austria*, Jan. 6, Feb. 18, March 6, May 18; *Czechoslovakia*, March 20, Dec. 21; *Estonia*, May 31, Oct. 29; *France*, Aug. 27; *Germany*, Jan. 9, Feb. 18, July 14; *Greece*, Nov. 29; *Italy*, Feb. 18; *Netherlands*, Aug. 26; *Norway*, July 8; *Poland*, June 11; *Rumania*, Feb. 3; *Spain*, Jan. 9, April 20, Aug. 4.

Syria

1926, Feb. 18. Agreement with Turkey initialled at Angora by M. de Jouvenel and Rushdī Bey, providing for rectification of Syro-Turkish frontier, arbitration, neutrality, co-operation in putting down frontier raids, &c. Agreement signed by M. Sarraut and Rushdī Bey on May 30. Ratifications exchanged on Aug. 12 (Text: *L.N.T.S.* liv; *E.N.* Oct. 30, 1926).

April 25. Suwaydā captured by French troops.

June 3. Salkhad captured by French troops.

May 7. Druse band invaded Damascus. May 8–9, Damascus bombarded by French artillery and aircraft.

Dec. 30. Customs agreement with Turkey signed.

See also under *League of Nations*, Feb. 16; *Palestine*.

Tacna-Arica. See under *Chile*.

Tanganyika. See under *Belgium*, May 17.

Tangier

1926, Aug. 14. Marquis de Estella, Spanish Prime Minister, in interview with press, claimed inclusion of Tangier in Spanish zone of Morocco.

Aug. 25. Spanish Government sent notes to signatories of Algeciras Act suggesting either incorporation of Tangier in Spanish zone or Spanish mandate for Tangier. Italian reply sent on Aug. 27. French and British replies presented on Sept. 1.

Sept. 17. Further Spanish note presented to France and Great Britain proposing preliminary discussions regarding admission of Italy under a revised statute, and subsequent plenary conference of all Powers signatories of Algeciras Act.

Turkey

1926, Feb. 18. Commercial *modus vivendi* with United States signed at Angora.

See also under *Argentina*, June 29; *Belgium*, Feb. 15; *Bulgaria*, Aug. 2, Aug. 28; *Chile*, Jan. 30; *Czechoslovakia*, April 11; *Denmark*, March 22; *Egypt*, April 17; *Finland*, June 2, Oct. 19, Nov. 24; *France*, Aug. 2, Dec. 23; *Germany*, Oct. 29; *Greece*, Feb. 26, Dec. 1; *'Irāq*; *Italy*, June 19, Aug. 10; *Jugoslavia*, Feb. 1; *Latvia*, Oct. 27; *Netherlands*, Aug. 11; *Norway*, Feb. 17, Aug. 11; *Persia*; *Russia*, June 30; *Sweden*, May 15; *Switzerland*, April 17; *Syria*, Feb. 18, Dec. 30.

United States of America. See under *Albania*, March 8; *Austria*, Jan. 21; *Chile*, Jan. 12; *Cuba*; *Czechoslovakia*, March 29; *Estonia*, May 22; *Germany*, Dec. 8; *Haiti*; *Hungary*, Sept. 4; *Irish Free State*; *Jugoslavia*, May 3; *Latvia*, Feb. 1; *Liberia*; *Lithuania*, Feb. 2; *Mexico*, Jan. 20, March 18, June 30, Aug. 17; *Netherlands*, Jan. 19; *Newfoundland*; *Nicaragua*; *Panama*; *Permanent Court*; *Persia*, April 23; *Portugal*, April 16; *Rumania*, Feb. 26; *Salvador*; *Spain*, Feb. 10; *Sweden*, July 31; *Turkey*.

Uruguay. See under *Brazil*; *Russia*, Aug. 23; *Switzerland*, April 17.

Vatican. See under *France*, Dec. 4.

Venezuela. See under *Brazil*.

Yaman. See under *Arabia*.

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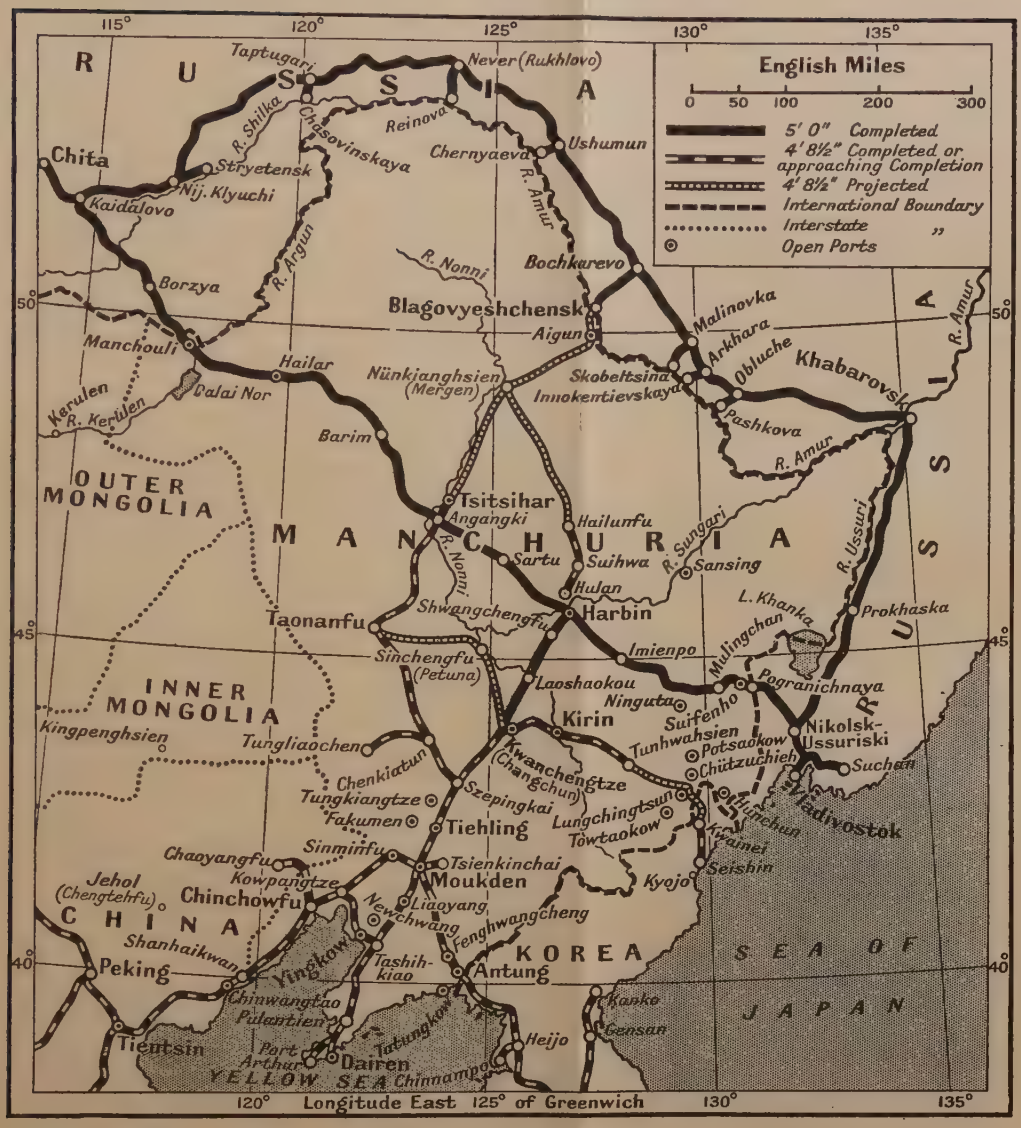
CHINA

This map is a diagram illustrating the geography of China in 1926 from the particular standpoint of international relations. Accordingly, the prominence given to the treaty-ports, and to the foreign settlements or concessions at that time existing in certain of these, must not be taken as meant to imply a corresponding degree of foreign dominance over Chinese national life. Although the points of Chinese territory which were frequented by foreigners coincided, on the whole, with the focuses of economic activity in China, the great majority of the Chinese people in the greater part of the country, even in 1926, were living their lives with little consciousness of the foreigners' presence in their midst.

MANCHURIAN RAILWAYS



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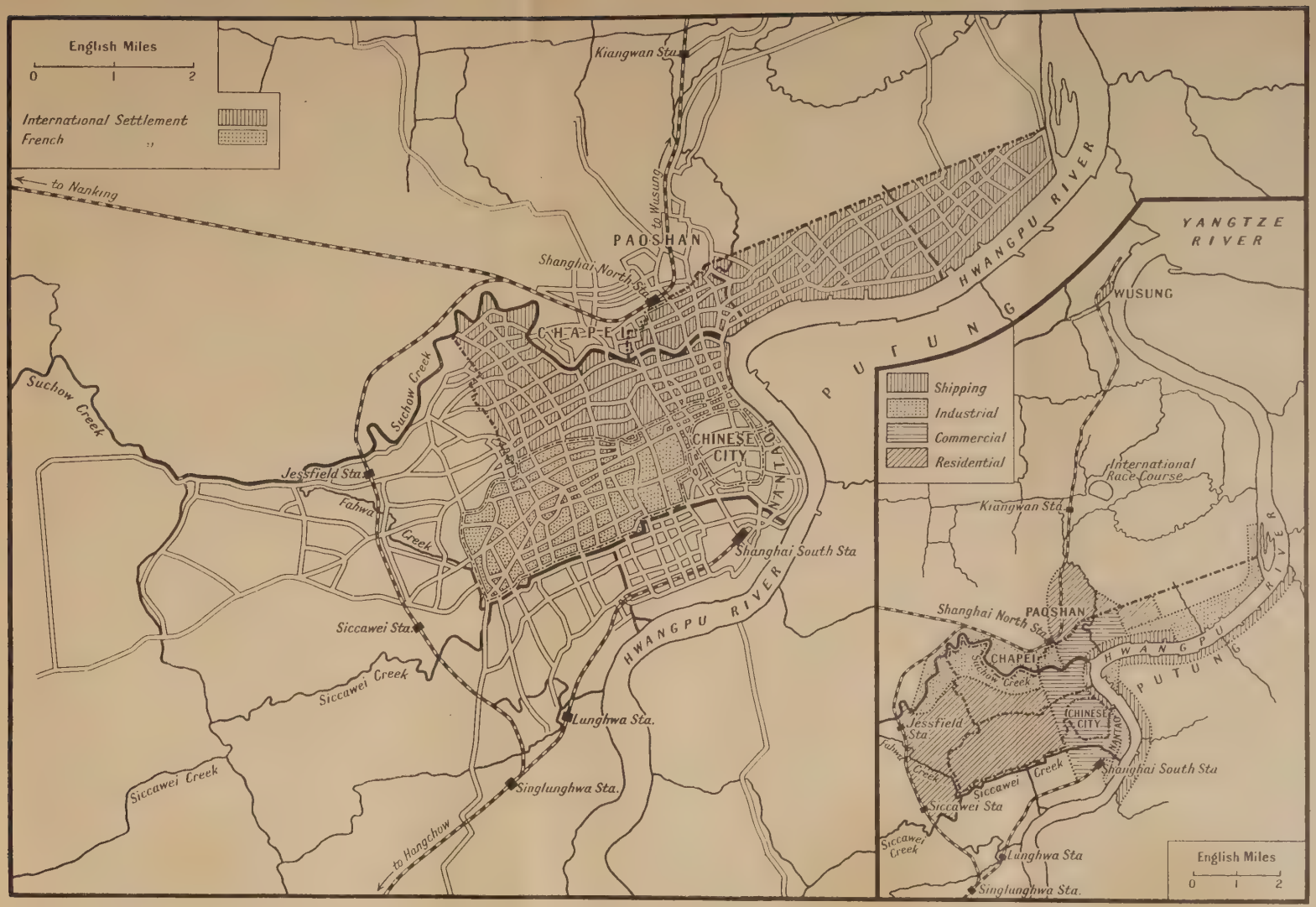
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Suchow Creek
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CHINESE CITY
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